



BITOU LOCAL MUNICIPALITY



2008/2009 ANNUAL REPORT



Contents

Chapter 1: Introduction & Overview

1.1	Foreword By The Executive Mayor	5
1.2	Overview By The Municipal Manager	8
1.3	Overview Of The Municipality	9
1.3.1	Geographical Profile	9
1.3.2	Political Governance Structure	10
1.3.3	Administrative Governance Structure	10
1.3.4	Socio-Economic Profile	10
1.3.5	Public Accountability	12
1.3.6	Overall Goals & Priorities For 2008/2009	14
1.3.7	Vision	15
1.3.8	Mission	15

Chapter 2: Performance Highlights

2.1	Performance I.T.O. National Key Performance Indicators	17
2.2	Development Priority Areas	18
2.2.1	General Priority Areas	18
2.2.2	Basic Service Delivery	18
2.2.2.1	Provision Of Free Basic Services	18
2.2.2.2	Spending On Capital Budget	19
2.2.2.3	Housing	19
2.2.2.4	Municipal Infrastructure & Other Grants	19

Chapter 3: Human Resource Management

3.1	Introducing The Municipal Workforce	21
3.1.1	Approved & Vacant Posts On Post Levels	21
3.1.2	Details On Posts Filled	21
3.1.3	Employment Equity	22
3.2	Capacitating The Municipal Workforce	22
3.3	Managing The Municipal Workforce	24
3.3.1	Injuries & Sick Leave	24
3.3.2	Hr Policies & Plans	24
3.4	Trend On Total Personnel Expenditure Over The Last 4 Years	25
3.4.1	Personnel Expenditure Compared To Total Operating Expenditure	25
3.4.2	Promotions	25
3.4.3	Upgraded Posts	25
3.4.4	Salary Levels Exceeding Grades	25

Chapter 4: Functional Area Service Delivery Reporting

4.1	Reports By Department	27
4.1.1	Municipal Manager	27
4.1.1.1	Local Economic Development	27
4.1.1.2	Youth Development	28
4.1.1.3	Tourism	30
4.1.1.4	Internal Audit	32
4.1.1.5	Legal Services	32



4.1.2	Chief Financial Officer	33
4.1.2.1	Key Performance Areas	33
4.1.2.2	Financial Management Services	33
4.1.2.3	Income	33
4.1.2.4	Expenditure	33
4.1.2.5	Supply Chain Management	33
4.1.2.6	Information & Communication Technology	34
4.1.2.7	Departmental Performance 2008/2009	34
4.1.3	Corporate Services	36
4.1.3.1	Aerodrome	36
4.1.3.2	Human Resources	37
4.1.3.3	Facility Management	38
4.1.3.4	Secretarial Services	39
4.1.3.5	Telecommunication	42
4.1.3.6	Records Management	44
4.1.3.7	Customer Care	45
4.1.4	Community Services	45
4.1.4.1	Housing & Beaches	45
4.1.4.2	Hiv/Aids Coordination	46
4.1.4.3	Traffic Control, Policing & Law Enforcement	46
4.1.4.4	Fire & Rescue Services	47
4.1.4.5	Library Services	47
4.1.4.6	Parks & Recreation	48
4.1.5	Public Works	49
4.1.5.1	Town Planning	49
4.1.5.2	Civil Works	49
4.1.5.3	Water Quality Control	49
4.1.5.4	Building Control	50
4.1.5.5	Electrical & Mechanical	52
4.1.5.6	Roads, Infrastructure & Cleansing	52

Chapter 5: Financial Performance

5.1	Operating Results	55
5.2	Outstanding Debtors	56
5.3	Viability Indicators	56
5.4	Audit Outcomes	57
5.5	Equitable Share Vs Total Revenue	57
5.6	Repairs & Maintenance As Percentage Of Opex	57
5.7	Capital Funded By Source	57

Annexures

A	Financial Statements
B	Auditor – General's Report
C	Bitou – Audit Action Plan
D	Audit Committee Report



Chapter 1



Introduction & Overview

1.1 Foreword by the Executive Mayor

In 2009 we asked the public to make suggestions regarding our service delivery challenges. We received a letter from V Tunaba, which included the following:

"I'm a suffering ordinary resident but I have hope that Kwanokuthula will revert to its original calmness; the Kwanokuthula that used to be. Mayor, the people want houses! Build those houses because the need for houses is used as a weapon against you. Build the houses so that you can identify who your enemies are. We are being used by those who need positions. But once the houses are built, they will not have the support of the people."

We promised to build houses and make housing accessible to as many of our people as possible, so in response to V Tunaba and many other community members' requests we would like to record the following achievements:

- We have shown unparalleled delivery of 450 housing units in Kranshoek at a cost of R18.1 million;
- We completed the Kurland project at R11 million and serviced 265 erven in Bossiesgif/Qolweni at R11,6 million;
- We are building 165 prime structures in Pinetree/Gaaitjie/Bossiesgif at a cost of R9 million;
- We are currently servicing 134 erven in Kwanokuthula at R3,8 million.; and
- The BI Flats in New Horizons have been upgraded at a cost of R3,8 million.

This translates to a total of R57.3 million for housing delivery for the year ending June 2009.

We all know that housing is a big issue - not only in Bitou, but across the country. In Bitou, however, it is made worse by the fact that middle income earners are not able to afford housing in the municipal area.

Up to now, the municipality concentrated on providing for the poorest of the poor. A conscious effort was then made to move away from scattered housing provision and we embraced integrated human settlement as way of dealing with the housing needs.

We alienated tracts of land owned by the municipality so that new developments could provide for middle income housing needs. The alienation of 12 tracts of land was advertised, in keeping with legal requirements. To date, we have awarded five properties for middle-income development, as we believe that providing housing in this way will restore our people's dignity. As some in our community were opposed to the move, there were challenges to be met. However, we stuck by our decision and long term vision.

The municipality provides free basic services to our poorest of the poor. All sub - economic areas - including where the municipal valuation of the property is less than R100 000 - get 50kwh of free electricity and 6kl of free water. They also receive a 50% discount on the normal refuse removal tariff and 70% off the sewerage tariff. This costs the municipality of R2.8 m million per annum.

In addition, the 1 830 registered indigent households are exempt from basic charges for water, refuse removal and sanitation, at a cost of R2.4m per annum. In total, the municipality provides relief to poor and indigent households at a cost of R5.2 m million per annum.

Given the current economic climate, more people need government assistance and we will continue to act in the caring manner characteristic of our current administration by making further provisions for assisting our community.

Resources

The quality of our drinking water is excellent. In terms of Blue Drop, South Africa's drinking water quality management performance, we perform very well and have managed to maintain Blue Drop status for the water supply system in our municipal area. We average 96.78% of the Blue Drop score, meaning that our water is safe for human consumption. We have committed ourselves to making the adjustments necessary to reach a 100% score. A new library was built in Kranshoek, and already has a membership of 765 and a circulation of 2 464 items of library material. All libraries were included in the upgrading of information technology (IT) provided by the municipality. All the libraries were also involved in literacy projects including ABET assistance, school and pre-

school reading programs, resources for adult students, Denron and child education. Masizame school dropouts and children from the shelter have also joined in and read at Kwanokuthula library.

We believe that an educated nation is a winning nation. South Africa comes from a sad past where colour determined the type of education a child received. We are also concerned about reports show that our children are not performing well enough to be globally competitive. It is for these reasons that the municipality has been deeply involved in education, from pre-primary to tertiary levels. During the year under review, we gave financial assistance to fourteen Early Childhood Development Centres, to the tune of R470 000.

We also awarded bursaries of over R600 000 to twenty five tertiary students and ten FET students. In addition, we contributed R100 000 to the Bitou 10 Foundation, and R50 000 was donated to the Bitou Education Trust. We are also involved in other educational programmes, including ABET and matric projects, intended to assist those who want to obtain the matric certificate before it is phased out. We are proud to say that our financial commitment to education for the year was more than R800 000.

As an ANC-led municipality, we believe that all spheres of government must play their part in educating South Africans to a level of global competitiveness. National and provincial governments must also educate the nation and we are committed to continuing our efforts in this regard.

Achievements

Our municipality is also deeply committed to youth development, which is what inspired us to partner with Umsobomvu in establishing the Youth Advisory Centre. We believe that our youth must be supported and encouraged to be engaged in nation-building activities. We have relocated the youth desk to the office of the Mayor and separated it from women's issues. We now have a Gender desk as a separate office from the Youth unit and are redeveloping youth programmes to refocus our Youth Advisory Centre.

The Gender office will also be responsible for assisting and developing people with disabilities. The post for the Gender officer has been advertised and will soon be filled.

We also work closely with the elderly to determine how they can best spend the productive late years of their lives. We hosted had a highly successful summit for the elderly, where these issues were discussed.

Local Economic Development programmes are still on track and our tendering policy also favours small to medium local businesses. We have been involved in several projects geared to assist small business; including helping the women of Kurland to establish a high profile manufacturing business that will supply retail giant Woolworths.

Our municipality and government are not the only institutions or individuals contributing towards community upliftment and to highlight this, we introduced the Annual Community Excellence Awards. The idea was positively received and twelve members of the community were recognised in ten categories during the inaugural function held earlier this year. The interesting feature of these Awards is that while the Executive Mayor hosts the event, and his office bears the costs of its administration it, no councillor or municipal official gets involved in deciding who the recipients should be. Diverse and respected members of the community make decisions without any influence whatsoever from the municipality.

Last year we promised to find a way of removing stray animals from the urban node. We have bought since a 179 hectare farm at a cost of R9.2 million as part of rural development for our community. The farm will be run as a cooperative by small-scale livestock farmers and will also see the removal cattle and goats from the urban area and the busy N2 road.

We also recently added another trophy to our collection when our tourism office won a gold award at the Tourism Indaba held in Durban.

Financials

To implement quality service delivery and community upliftment projects, we need money; most of which is sourced from community payments for services and taxes.

The operating and capital budget for 2008/2009 was 294,5 million. This will increase to R333,6 million in 2009/2010. This represents a per capita spend of R8 500,00 per resident – excellent, compared to other municipalities of our size. Current revenue and expenditure patterns indicate that the municipality will reach its targets set in the budget. The municipality is financially sound and can meet its obligations. Investments as at 30 June 2009 amounted to R61,2 million compared to R60 million at 30 June 2008.

Outstanding debt as at 30 June 2009 was R39,8 million. The current average payment percentage is 91,7%. The



municipality recognises that the collection of outstanding debt is vital and a service provider has been appointed to assist our employees with debt collection and management. We intend increasing the average payment percentage to at least 95%. It must be noted here that no municipal councillor or official owes municipality for services, as we are committed to paying for services and to set an example for our fellow community members.

For the second time since the 1960's the Bitou Municipality received an unqualified audit report from the Auditor General. We were not surprised by that achievement as we had set ourselves the goal of cultivating a culture of unqualified reports before the end of our term, and we have succeeded.

Municipal councillors and officials are collectively opposed to any form of corruption. We will not tolerate it and do our best to ensure that it does not happen here. Any rumours that there is a culture of corruption, fraud or mismanagement in this municipality are entirely unfounded.

As a community, we must be proud of these achievements. However, we admit that this is not enough. We must accelerate the pace of service delivery if we want to realise our goal of a better life for all our citizens. The Bitou municipality believes more work lies ahead and that working together with our community, we can do much more.

We live in a global village and both good and bad things happening in the world affect us. The whole world has been going through tough economic times, and we are not immune from it. As a municipality, though, we will play our part in getting our town and country out of the slump.

This economic recession hit in the midst of correcting years of racism, oppression and mismanagement by past regimes. While some among us may feel despondent, we are certain that the time will come when the people of Bitou will offer sound advice to their fellow countrymen. We may even borrow the words of Jancarl Campi in the poem "Never Let Go of Hope":

"One day you will see that it all has finally come together.
What you have always wished for has finally come to be.
You will look back and laugh at what has passed and you will ask yourself, "How did I get through all of that?"
Just never let go of hope. Just never quit dreaming.
And never let love depart from your life."

We are dedicated to not doing anything that would make our people lose hope in our democracy. We will always strive for a caring government which respects with every person in our community. And together, we will do more.

I thank you.

Alderman LL Mvimbi
Executive Mayor

1.2 Overview by the Municipal Manager

The year under review has been one of progress, even while it presented us with a variety of challenges locally, nationally and internationally. The global financial meltdown affected most sectors and, to a large extent, the majority of households. Eskom's electricity price increase and constant national electricity load shedding interventions highlighted the fact that service delivery demands have outstripped available capacity in terms of growth. This, again, demonstrates that the legacy of past evils have caught up with us.

Development must be sustainable, responsible and mindful of not repeating the mistakes that were committed in the past. Planning for service infrastructure in the past excluded the majority of our citizens, which resulted in the present infrastructure not being able to cope with current service delivery demands. We wish to leave a legacy of a safe and healthy environment rendering efficient, effective and affordable services for future generations; and this requires us to meticulously apply integrated planning.

The Bitou Municipality strives to empower the community to prosper in a safe and healthy environment. We intend achieving this through a developmental system of local government and the rendering of effective and cost effective services. For us to realise our vision and succeed in our mission, we have articulated our goals in terms of the following five strategic objectives:

1. The provision of quality basic services and develop infrastructure.
2. Promoting shared economic growth and development.
3. Fostering participatory democracy and applying Batho Pele principles through accessible and accountable governance.
4. Good governance, financial viability and institutional transformation.
5. Fighting poverty, building clean, healthy, safe and sustainable communities.

Using the abovementioned objectives as our key performance areas, we have monitored and evaluated ourselves throughout the year by means of various methods, against these goals. We are proud to announce that, for the first time in years, this municipality has received an unqualified audit report from the Auditor General. Various policies were developed, adopted and successfully implemented during the year in review. Among the latter policies was the all-important Customer Care and Indigent Policy.

The municipality's flagship integration of communities, project "Coming Together", has gathered significant momentum through, inter alia, the awarding of a multi-million rand grant from National Treasury, through the Neighbourhood Development Grant. Discussions and negotiations with all role players, including developers and other sector departments, are ongoing.

The Bitou Local Municipality constantly endeavours to fulfil its development role as an autonomous, but inter-related, sphere of government; to meet the challenge to speed up the delivery of – particularly - free basic services, improvement of all public services, the building of infrastructure, creating employment opportunities and fighting poverty.

Tourism remains the main economic sector in Bitou. The year under review offered significant challenges for this industry due to the global recession. Despite this, the municipality has been gearing up and focusing its efforts on the upcoming FIFA 2010 World Cup. Along with the rest of the country, we look forward to a successful 2010 World Cup Tournament when the international spotlight will be on our country.

We hope that the contents of this Annual Report will reflect our determination to enhance the quality of life of the people of Bitou.

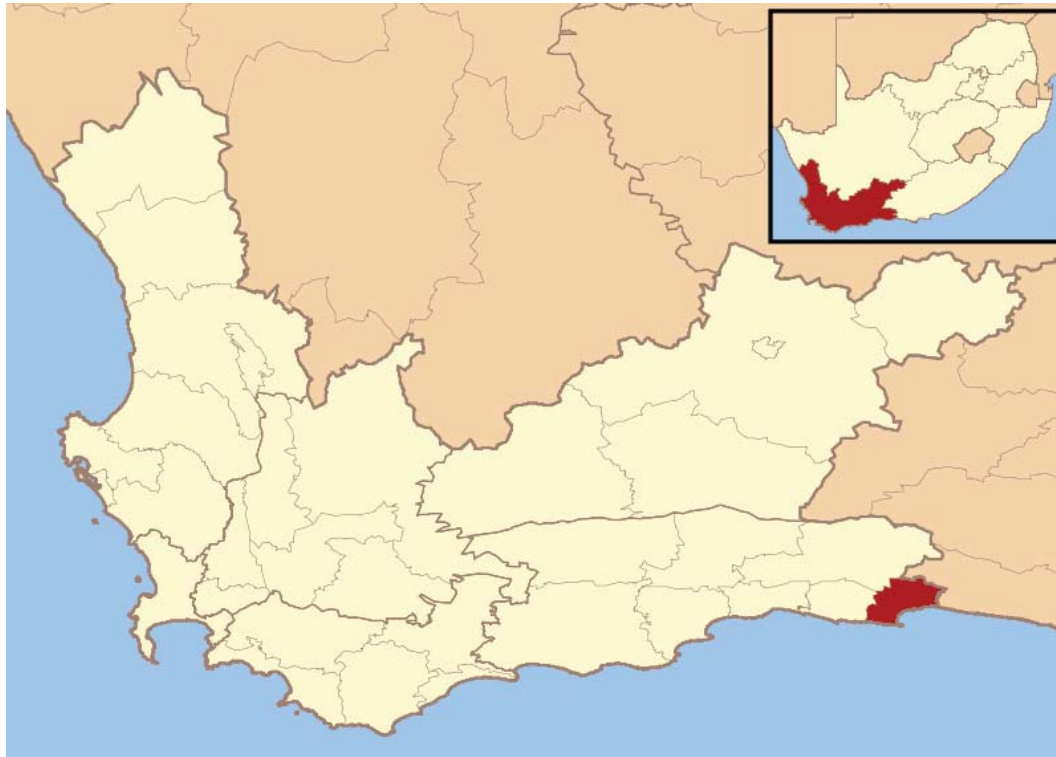
Yours sincerely

Lonwabo Mr Ngoqo
Municipal Manager

1.3 Overview Of The Municipality

1.3.1 Geographical Profile

Bitou Local Municipality is situated in the Western Cape Province within the jurisdictional area of Eden District Municipality. The municipal area, in extent 991,84 km², is situated in the South Eastern corner of the province and the Bloukrans River is the boundary between the Western and Eastern Cape Provinces. The following map indicates the extent of the Bitou Local Municipality's area of jurisdiction:



The following table indicates the urban, peri-urban and rural areas situated within the boundaries of the municipality:

Urban areas	Peri-urban areas	Rural areas
Plettenberg Bay New Horizons Kwanokuthula Bossiesgif / Qolweni	Keurbooms Kranshoek Nature's Valley The Craggs / Kurland Wittedrift / Green Valley	Uplands De Vlucht Covie Harkerville Fisantehoek Redford Road

The municipal area contains a variety of landscape types containing many areas of special beauty and historical significance that can be divided into the following landscape character types:

- Mountains and mountain valleys
- Foothills
- Plateau
- Incised river valleys
- Sheltered lowland
- Lowland valleys and wetlands
- Estuaries
- Beach shorelines and dunes
- Rocky shores and headlands
- Seascape
- Indigenous forest
- Plantation

1.3.2 Political Governance Structure

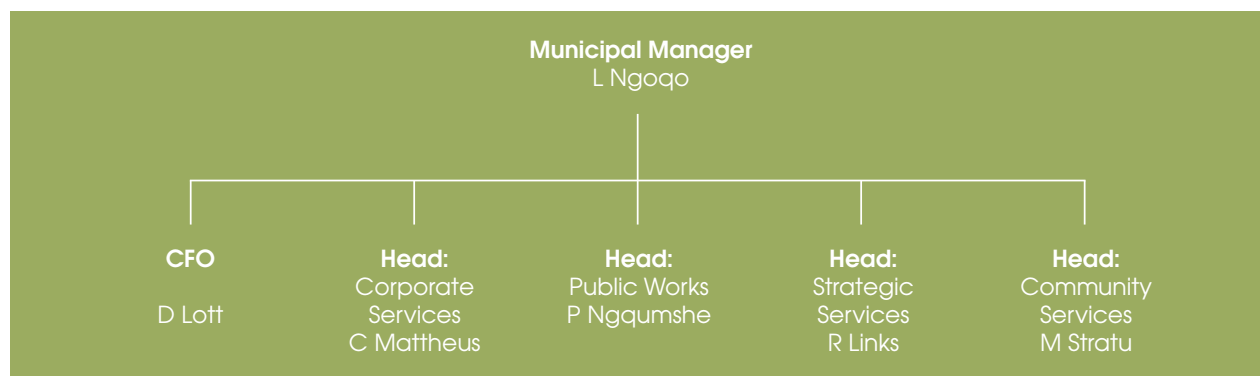
The Bitou Local Municipal Council comprises 11 councillors, including 6 Ward Councillors and 5 Proportional Representation councillors. Bitou Local Municipality has an Executive Mayoral Committee system and the Executive Mayoral Committee is made up of councillors drawn from the ruling party, namely the ANC. The party and gender representation in the municipal council is furnished in the table below:

Name	Capacity	Political party	Ward / PR Councillor	Gender
Ald. L Mvimbi	Executive Mayor	ANC	PR	Male
Cllr. N Seyesi	Deputy Executive Mayor	ANC	Ward 2	Female
Cllr. L Luiters	Speaker	ANC	Ward 3	Male
Ald. E Wildeman	Member of Mayoral Committee	ANC	Ward 1	Male
Cllr. D Xego	Councillor	ANC	Ward 5	Female
Cllr. N Tanda	Councillor	ANC	PR	Female
Cllr. D Grant	Councillor	DA	Ward 4	Male
Cllr. E Pause	Councillor	DA	PR	Female
Cllr. J Brummer	Councillor	DA	PR	Male
Cllr. V Terblanche	Councillor	ID	PR	Female
Cllr. M Booysen	Councillor	Independent	Ward 6	Male

Bitou Municipal Council:

Cllr. N Tanda, Ald. L Mvimbi, Cllr. V Terblanche, Cllr. D Grant, Cllr. D Xego, Cllr. L Seyesi, Ald. E Wildeman, Cllr. E Pause, Cllr. L Luiters, Cllr. M Booysen, Cllr. J Brummer

Subsequent to the 2009 National and Provincial Elections Cllr. D Grant vacated his seat as councillor to take up the portfolio as Minister of Education in the Western Cape Legislature. In the municipal by-election Mr. C Dreyer was elected as ward councillor for Ward 4.



1.3.4 Socio-Economic Profile

In 2008 Bitou Local Municipality expressed the need to have an up-to-date dataset regarding the total number of people living in the municipality. Accordingly a tender was put out for a suitable service provider to establish this. The tender was awarded to Distinctive Choice Consultants & Associates.

This particular study or 'headcount' also drew on data from the EDEN Socio Economic Survey conducted in 2006, the EDEN Farm Study done in 2007, the StatsSA Community Survey of 2007, as well as other data sources such as aerial photos, property register of municipality, other GIS data, etc.

Reliable and well-presented statistical and other information is essential to assess, guide and prioritise service delivery processes in municipalities. In this regard, it was ensured that the statistical and information gathering methodology can stand up to the strongest methodological and scientific scrutiny in terms of its level of accuracy and predictability.

Information related to the number of households, population and racial distribution of citizens are presented in table format:

Table 1: Population estimates 2008 for Bitou Municipality

ID		HOUSEHOLDS			POPULATION		
SP Code	Census Suburb Name (SP)	Urban HH	Farm HH	Total HH	Urban Pop	Farm Pop	Total Pop
12001000	Bloukrans State Forest SP	0	25	25	0	74	74
12002000	Harkerville State Forest SP	0	34	34	0	103	103
12003000	Keurboomsrivier SP	256	82	338	920	247	1 167
12004000	Keurboomstrand SP	203	5	208	729	14	744
12005000	Klein Palmietrivier State Forest	0	1	1	0	2	2
12006000	Kranshoek SP	1 610	9	1 619	4 916	26	4 943
12007000	Kurland Estate SP	745	6	751	2 676	17	2 693
12008000	Kwanokuthula SP	5 928	4	5 932	17 872	12	17 884
12009000	Natures Valley SP	422	0	422	1 516	0	1 516
12010001	Bossies Gif	734	0	734	2 259	0	2 259
12010002	Weldon / Qolweni	3 175	0	3 175	9 771	0	9 771
12011000	Plettenberg Bay Part 1 SP	3 351	50	3 401	10 273	149	10 421
12011002	New Horizons	1 354	4	1 358	5 078	12	5 090
12012000	Wittedrift SP	311	2	313	1 117	5	1 122
12013001	Knysna NU	0	12	12	0	36	36
12013003	Plettenberg Bay NU	1 311	824	2 135	4 003	2 472	6 475
Bitou		19 400	1 057	20 457	61 130	3 171	64 301

Table 2: Gender breakdown per Census Suburb (SP)

SP Code	Census Suburb Name (SP)	Male	Female	Tot
12001000	Bloukrans State Forest SP	47	27	
12002000	Harkerville State Forest SP	52	51	
12003000	Keurboomsrivier SP	537	630	
12004000	Keurboomstrand SP	212	531	
12005000	Klein Palmietrivier State Forest SP	0	2	
12006000	Kranshoek SP	2 394	2 549	
12007000	Kurland Estate SP	1 330	1 363	
12008000	Kwanokuthula SP	8 713	9 170	
12009000	Natures Valley SP	758	758	
12010001	Bossies Gif	1 247	1 010	
12010002	Weldon / Qolweni	5 392	4 379	
12011000	Plettenberg Bay Part 1 SP	4 789	5 633	
12011002	New Horizons	2 456	2 633	
12012000	Wittedrift SP	549	573	
12013001	Knysna NU	23	14	
12013003	Plettenberg Bay NU	3 284	3 191	
Bitou		31 784	32 515	64 299

Table 3: Age breakdown per Census Suburb (SP)

Census Suburb Name (SP)	00 - 09 yrs	10 - 19 yrs	20 - 34 yrs	35 - 49 yrs	50 yrs +	Total
Bloukrans State Forest SP	13	12	15	18	18	
Harkerville State Forest SP	21	21	27	23	11	
Keurboomsrivier SP	111	74	241	408	333	
Keurboomstrand SP	159	53	0	53	478	
Klein Palmietrivier State Forest	2	0	1	0	0	
Kranshoek SP	1 124	1 054	1 221	912	631	
Kurland Estate SP	595	469	824	523	283	



Kwanokuthula SP	3 267	3 410	6 765	3 349	1 093	
Natures Valley SP	108	36	253	289	830	
Bossies Gif	429	217	1 164	357	91	
Weldon / Qolweni	1 262	1 029	4 363	2 275	842	
Plettenberg Bay Part 1 SP	1 054	1 006	1 680	2 038	4 643	
New Horizons	1 039	1 115	1 312	1 030	593	
Wittedrift SP	227	240	240	240	175	
Knysna NU	8	7	5	9	7	
Plettenberg Bay NU	975	1 008	1 722	1 316	1 453	
Bitou	10 393	9 750	19 834	12 840	11 482	64 299

Table 4: Population breakdown per Census Suburb (SP)

Census Suburb Name (SP)	African / Black	Coloured	Indian / Asian	White	Total
Bloukrans State Forest SP	0	74	0	0	
Harkerville State Forest SP	9	77	0	17	
Keurboomsrivier SP	241	204	19	704	
Keurboomstrand SP	0	212	0	531	
Klein Palmietrivier State Forest SP	0	0	0	2	
Kranshoek SP	235	4 113	87	508	
Kurland Estate SP	631	2 035	0	27	
Kwanokuthula SP	17 197	687	0	0	
Natures Valley SP	36	253	0	1 227	
Bossies Gif	2 033	226	0	0	
Weldon / Qolweni	8 883	888	0	0	
Plettenberg Bay Part 1 SP	465	274	8	9 674	
New Horizons	220	4 843	16	10	
Wittedrift SP	49	835	8	230	
Knysna NU	0	14	0	22	
Plettenberg Bay NU	775	2 543	67	3 090	
Bitou	30 774	17 281	204	16 042	64 301

1.3.5 Public Accountability

Ward Committees

The municipality has taken the lead in establishing operational ward committees in all wards. The tables furnished below indicate the respective ward committee membership and the dates on which ward committee meetings were scheduled during 2008/2009.

WARD 1		
Name	Capacity	Meeting dates
Ald. E Wildeman	Ward Councillor	21 August 2008 18 September 2008 23 October 2008 27 November 2008 19 February 2009 19 March 2009 30 April 2009 25 May 2009 22 June 2009
Mr. P Zietsman	Ward Committee Member	
Ms. P Barnardo	Ward Committee Member	
Mr. B de Villiers Hayward	Ward Committee Member	
Mr. T Kam Kam	Ward Committee Member	
Mr. S Sam	Ward Committee Member	
Mr. N Gysman	Ward Committee Member	
Mr. D Andrews	Ward Committee Member	
Mr. P Scott Wilson	Ward Committee Member	
Ms. D Esau	Ward Committee Member	
Ms. K Hindmarch	Ward Committee Member	



WARD 2		
Name	Capacity	Meeting dates
Cllr. L Seyesi	Ward Councillor	21 August 2008 18 September 2008 23 October 2008 27 November 2008 19 February 2009 19 March 2009 30 April 2009 25 May 2009 22 June 2009
Mr. J Truter	Ward Committee Member	
Mr. M Scholtz	Ward Committee Member	
Mr. B Mbasu	Ward Committee Member	
Mr. T Toyi	Ward Committee Member	
Ms. N Luvuno	Ward Committee Member	
Mr. M Zumana	Ward Committee Member	
Mr. X Isaac	Ward Committee Member	
Mr. M Siphanga	Ward Committee Member	

WARD 3		
Name	Capacity	Meeting dates
Cllr. L Luiters	Ward Councillor	21 August 2008 18 September 2008 23 October 2008 27 November 2008 19 February 2009 19 March 2009 30 April 2009 25 May 2009 22 June 2009
Ms. M Solomons	Ward Committee Member	
Mr. D Kamfer	Ward Committee Member	
Mr. D Vass	Ward Committee Member	
Ms. E Cedras	Ward Committee Member	
Ms. N Kرابie	Ward Committee Member	
Ms. M Zondage	Ward Committee Member	

WARD 4		
Name	Capacity	Meeting dates
Cllr. C Dreyer	Ward Councillor	21 August 08 18 September 2008 23 October 2008 27 November 2008 19 February 2009 19 March 2009 30 April 2009 25 May 2009 22 June 2009
Mr. P Koep	Ward Committee Member	
Mr. C May	Ward Committee Member	
Ms. S Cloete	Ward Committee Member	
Ms. R Wiesie	Ward Committee Member	
Ms. F Majavie	Ward Committee Member	
Mr. W Abroue	Ward Committee Member	

WARD 5		
Name	Capacity	Meeting dates
Cllr. D Xego	Ward Councillor	21 August 2008 18 September 2008 23 October 2008 27 November 2008 19 February 2009 19 March '09 30 April 2009 25 May 2009 22 June 2009
Ms. N Mazitshana	Ward Committee Member	
Ms. P Seti	Ward Committee Member	
Ms. M Taalibos	Ward Committee Member	

WARD 6		
Name	Capacity	Meeting dates
Cllr. M Booyesen	Ward Councillor	21 August 2008 18 September 2008 23 October 2008 27 November 2008 19 February 2009 19 March '09 30 April 2009 25 May 2009 22 June 2009
Ms. N Jacob	Ward Committee Member	
Ms. N Adams	Ward Committee Member	
Ms. S Besana	Ward Committee Member	
Ms. N Kota	Ward Committee Member	

Audit Committee

Bitou Local Municipality established an Audit Committee in terms of Section 166 of the Local Government: Municipal Finance Management Act (2003). The table furnished below indicates the Audit Committee membership, their respective qualifications and experience, as well as the dates on which Audit Committee meetings were

scheduled during 2008/2009. A full Audit Committee report is furnished under point 4.5 of this report.

Name	Capacity	Qualifications	Meeting dates
Mr. B Molefe	Chairperson	Master of Business Leadership B.Comm degree Post-Graduate Diploma in Economics	22 August 2008 28 November 2008 05 February 2009 05 March 2009 05 June 2009
Mr. A Millerd	Member	Retired director of companies	
Mr. D Mnweba	Member	BA degree Diploma in teaching Diploma in Management Certificate in Public Administration	
Prof. D van Rooyen	Member	B. Comm degree B.Comm (Hons) MBA DBA	
Mrs. N Fikeni	Member	Certificate: PTC Diploma in Education B.Ed B.Ed (Hons)	

1.3.6 Overall Goals & Priorities For 2008/2009

Priority Areas	Challenges
Economy	Unemployment; Literacy and Skills Development; Land reform; Economic Growth;
Social	Housing; Health; Early childhood development; Recreation; Community Safety; Sports facilities
Infrastructure	Roads; Electricity; Water
Finance	Limited financial resources to implement capital projects; capital expenditure
Institutional	Capacity constraints; Retention of skilled staff; Macro and Micro structures
Spatial	Land for development; Apartheid legacy; Urban edges; Disintegrated settlements
Gender	Discrimination; Abuse; Empowerment
Governance	Enhancing public participation
Youth	Access to quality education; Participation in planning processes; Crime and substance abuse; HIV
Environment	Pollution; Climate change; Conservation; Waste Management; Alien plant control; Deforestation

Source: Bitou IDP Review 2008/2009

1.3.7 Vision

A developmental vision was formulated in 2003 and reads as follows:

***To be the best together
Om saam die beste te wees
Sobalasela sonke***

The developmental vision resonates the following:

- United in diversity;
- United in action; and
- Continual improvement on past performances

A spatial vision was formulated in 2004 and reads as follows:

***Bitou, a place for all
Bitou, 'n plek vir almal
Bitou, indawo yomntu wonke***

The spatial vision resonates the following:

People believe that South Africa and Bitou belongs to all who live in it. A home for all and a home that ensures sustainability and sustainable development

1.3.8 Mission

The political office bearers and staff of Bitou Local Municipality commit to:

- Effecting participative and accountable developmental local government and governance
- Fostering effective inter-governmental relations
- Facilitating sustainable people-centred development and ensuring environmental integrity
- Proactively identifying and securing suitable land for settlement
- Facilitating housing delivery and land development
- Providing effective basic services
- Facilitating local economic development with a particular focus on reducing poverty, creating jobs and developing the tourism and eco-tourism sectors
- Facilitating social upliftment and community integration
- Adhering to the Batho Pele principles

Chapter 2



Performance Highlights

2.1 Performance In Terms Of The National Key Performance Indicators

KPA & INDICATORS	MUNICIPAL ACHIEVEMENT
Basic Service Delivery (a) The percentage of households with access to basic level of water, sanitation, electricity and solid waste removal. (b) The percentage households earning less than R1 100 per month with access to free basic services.	100%. An annual survey is done to ensure that households who qualify apply for free basic services.
Municipal Institutional Development and Transformation (a) The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan. (b) The percentage of a municipality's budget actually spent on implementing its workplace skills plan.	Amount spent = R1,237,556 Total operating expenditure = R222,506,905 Percentage = 0.56%
Local Economic Development (a) The number of jobs created through the municipality's local economic development initiatives, including capital projects	An amount of R5 8million was spent to create 730 temporary jobs relating to and including services such as: <ul style="list-style-type: none"> • Paving and kerbing of roads • Removal of alien vegetation and bush clearing • Cleanup campaigns • Recycling and waste management • Repairs and maintenance to municipal buildings • Repairs and maintenance to RDP houses • Grass cutting in all wards • Capital Projects : Small contracts awarded • MIG Projects
Municipal Financial Viability and Management. (Financial viability expressed by the following ratios:) (a) Debt coverage (total operating revenue-operating grants received / debt service payments due within the year) (b) Service debtors to revenue (total outstanding service debtors / revenue received for services) (c) Cost coverage (available cash + investments/ monthly fixed operating expenditure) (d) The percentage of a municipality's capital budget actually spent on capital projects identified for a particular financial year in terms of the municipality's integrated development plan.	Total operating revenue = R231,364,220 Operating grants received = R53,312,588 Debt service payments due = R6,336,327 Debt coverage = 28.2:1 Total outstanding service debtors = R31,096,738 Revenue received for services = R98,396,711 Service debtors to revenue = 31,6% Available cash & cash equivalents = R57,833,292 Monthly fixed operating expenditure (current liabilities) = R79,450,951 0.73:1 Total adjusted capital budget = R67,934,857 Actual capital expenditure = R70,142,983 Percentage actually spent = 103.3%

Good Governance and Community Participation

(a) Functional community participation mechanisms and ward committees

- Ward Committee meeting before every MayCo
- IDP consultative process via ward committee platform and ward community meetings
- Monthly Local Labour Forum meetings
- Functional Audit Committee which meets quarterly
- Relationship with business community through the business chamber
- Website updated weekly

2.2 Development Priority Areas

2.2.1 General Priority Areas

Development Priorities	Challenges
Human Settlements	Land availability and limited budget allocations
Skills Development	Training, skilling and developing staff in all sections /departments
Financial Services	Securing of funds for sections/departments
Community Safety and Security	Fire and Traffic Service Delivery

2.2.2 Basic Service Delivery

2.2.2.1 Provision Of Free Basic Services

Electricity:

Indigent Households			Poor households			Households in Eskom areas		
Nr of households	Unit per household (kwh)	Value R'000	Nr of households	Unit per household (kwh)	Value R'000	Nr of households	Unit per household (kwh)	Value R'000
1,750	50	235	2,886	50	970	1738	50	542

Water:

Indigent Households			Poor households		
Nr of households	Unit per household (kl)	Value R'000	Nr of households	Unit per household	Value R'000
1,750	6	510	3,408	6	994

Sanitation and Refuse Removal:

Indigent Households		
Number of households	Unit per household per month	Value R'000
1,750	1	2,351

2.2.2.2 Spending On Capital Budget

Fin year	% of Capital budget spent	Reasons for under- / overspending
2006 / 07	33	Could not secure grant funding for projects indicated as such in the original capital budget
2007 / 08	76	Actual expenditure in respect of low cost housing disclosed as operating expenditure whilst it was budgeted for under capital
2008 / 09	103	Infrastructure for housing projects budgeted for as operating - and not capital expenditure

2.2.2.3 Housing

There are currently approximately 7925 housing beneficiaries on the waiting list, including informal settlement areas. A total amount of R44 314,992-00 million was allocated to build houses during the financial year under review. A summary of houses built, includes, EHP, aprons, repairs and new civil services:

Fin year	Allocation R'000	Amount spent R'000	% spent	Number of houses built	Number of sites serviced
2006 / 07	10 300	6 789	65.9	512	512
2007 / 08	7 009	12 812	128.8	144	598
2008 / 09	R 30 570	R 30 152	99	1141	541

2.2.2.4 Municipal Infrastructure And Other Grants

The Municipality received grants totaling R5,88 million for infrastructure and other capital projects from National and Provincial Government during the 2008/9 financial year. The performance in spending these grants can be summarized as follows:

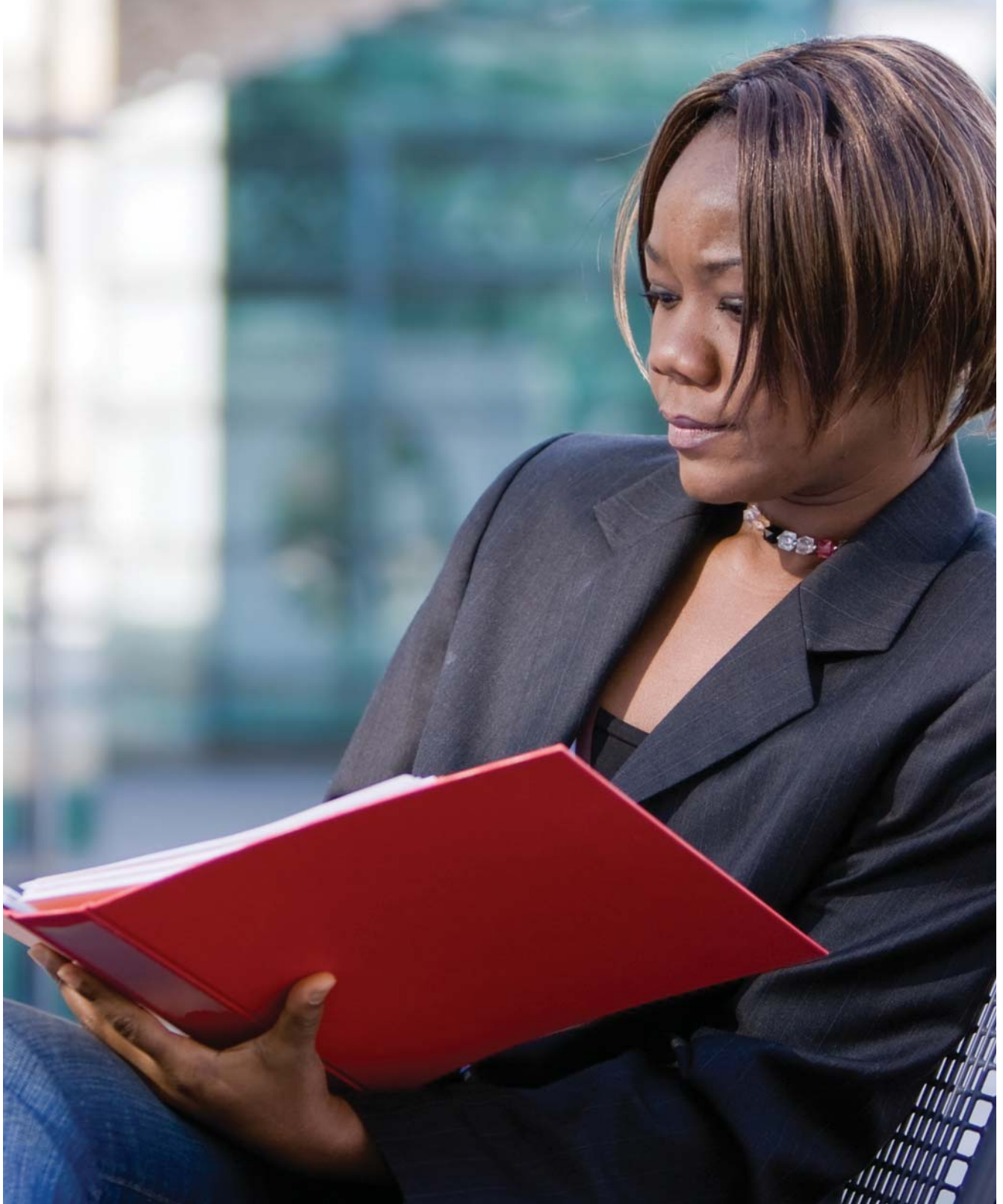
Municipal Infrastructure Grant (MIG)

Description of project	Available funding 2008/09 R'000	Amount spent R'000	% spent
New 500 mm raw water main and abstraction	R 5,880	R 5,880	100

Other Grants For Capital Projects

Description of the project	Name of grant and department	Available funding 2008/09 R'000	Amount spent R'000	% spent
Electrification of Houses	DME	R 929	R 929	100

Chapter 3



Human Resource Management

3.1 Introducing The Municipal Workforce

3.1.1 Approved And Vacant Posts On Post Levels

The Management team is supported by staff employed by the municipality to deliver on municipal services and political priorities. The actual positions filled are indicated in the tables below:

PER POST LEVEL		
Post level	Approved	Vacant
MM & MSA section 57	6	0
Middle management	26	7
Admin Officers	274	46
General Workers	250	32
Total	556	85
PER FUNCTIONAL LEVEL		
Functional area	Approved	Vacant
Municipal Manager's Office	11	4
Corporate Services	41	5
Financial Services	58	6
Strategic Services	38	10
Infrastructure Development	214	29
Community Services	153	22
Mayor's Office	41	9
Total	556	85

3.1.2 Details On Posts Filled

Posts filled									
Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	14	7		8	6	5		3	43
Professionals	11	14		8	14	11	1	1	60
Technicians and associate professionals	20	13	1	4	13	9			60
Clerks	22	15			25	18		3	83
Service and sales workers	22	10			7	1		2	42
Craft and related trades workers									
Plant and machine operators and assemblers	12	9							21
Elementary occupations	102	45			20	6			173
Total permanent	203	113	1	20	85	50	1	9	482
Non- permanent	25	10			19	6		1	61
Grand total	228	123	1	20	104	56	1	10	543
Occupational levels	Male				Female				Total
	A	C	I	W	A	C	I	W	
Senior management	12	5		6	3	3		3	32
Professionally qualified and experienced specialists and mid- management	13	14		8	15	12	1	1	64

Skilled technical and academically qualified workers, junior management, supervisors,	39	23	1	4	18	11		3	100
Semi-skilled and discretionary decision making	35	24			26	16		2	101
Unskilled and defined decision making	102	45			20	6			173
Total permanent	201	111	1	18	82	48	1	9	471
Non- permanent employees	25	10			19	6		1	61
= Grand total	226	121	1	18	101	54	1	10	532
Key function (Department)	Male				Female				Total
	A	C	I	W	A	C	I	W	
Municipal manager's office	3				3	1			7
Corporate Services	12	6		2	8	6		2	36
Financial Services	11	10			13	12	1	4	52
Strategic Services	5	4		1	13	3		2	28
Infrastructure Dev	102	58	1	8	14	2			185
Community Services	50	30		7	23	20		1	131
Mayor's Office	18	3			7	4			32
Total permanent	201	111	1	18	82	48	1	9	471
Non- permanent	25	10			19	6		1	61
Grand total	226	121	1	18	101	54	1	10	532

3.1.3 Employment Equity

Description	African	Coloured	Indian	White	Male	Female	Disability
Target	17	18		8	17	26	3
Actual	17	18		8	17	26	3

During the 2008/09 financial year, the Municipality appointed 63 employees in various departments. All of these appointments were based on both the service delivery needs and the Employment Equity Plan. The biggest challenge for the municipality remains the appointment of scarce skills like your Water Purification Officer, Town Planners etc. The Employment Equity Report for 2008/2009 was approved by the Local Labour Forum on 29 September 2008 though the report was submitted to the Department of Labour on 30 September 2009.

The demographic information of the municipality compared to the workforce of the institution is as follows:

Description	Total	African	Coloured	Indian	White
Population numbers	64 301	30 774	17 281	204	16 042
% Population		47.86	26.88	0.32	24.95
Number for positions filled	532	327	175	2	28
% for positions filled	100	61.5%	32.9%	0.4%	5.2%

3.2 Capacitating The Municipal Workforce

The Work Place Skills Plan (WPSP) for 2008/09 financial year and the Implementation Report for the 2007/08 financial year was submitted to the Seta on 30 June 2009. The amount spent on training was R1 237 566.00, which is 1.6% of the salary spend of R77 065 519.00 as at 30 June 2009. The training programmes that were completed by the municipal staff is summarised in the table furnished overleaf.

Municipal staff

Name of training programme	Short description	Number of officials							
		Gender		Race					
		F	M	AF	AM	CF	CM	WF	WM
Sustainable Risk Management	Sustainable Risk Management	1	1	1			1		
Learnership Information and Assessment	Learnership Information and Assessment Training		3				3		
Caddie Training	Caddie Training		1		1				
Water & Sewerage Reticulation Learnership	Water & Sewerage Reticulation Learnership		25		13		12		
Electrical	Electrical		1						1
Handyman	Handyman		10		6		4		
ASPHALT Laying	ASPHALT Laying		5		2		3		
SALGA Training	SALGA Human Resources Training		1		1				
Occupational Health & Safety Training	Occupational Health & Safety Training	4	11	3	10		3	1	
Bringing DATA into ARCGIS	Bringing DATA into ARCGIS		1				1		
Essential Secretarial	Essential Secretarial	6		2		3		1	
Waste Management	Waste Management		1		1				
Life Guards Training	Life Guards Training: 26 Unemployed/Stud	6	20		6	2	6	4	8
SAMRAS User Group	SAMRAS User Group	1	1		1	1			
Project Management	Project Management		1		1				
Minute Taking	Minute Taking	4		2		2			
Linux Systems	Linux Systems Administration	2	2		1	2	1		
GIS	GIS		1		1				
ABET	ABET	5	8	5	6		2		
SDF	Skills Development Facilitator Training		1				1		
Labour Law	Practical Labour Law		1				1		
SAMRAS	SAMRAS:- Reconciliation	2	3	1	1	1	2		
SAMRAS	SAMRAS:- Billing Training	2	3	1	1	1	2		
First Aid	First Aid:- Level I	2	13	1	5		8	1	
First Aid	First Aid:- Level II	2	13	1	5		8	1	
Recruit & Select	Recruitment & Selection	2		1		1			
Train the Trainer	Train the Trainer	1	8	1	3	5			
Electrical	Electrical : High Voltage Training		2		1		1		
Filing & Records	Electronic Document Filing & Records	1				1			
Risk Management	Risk Management	4	11	3	10		3	1	
Construction	Roads Construction		6		4		2		
GRAP Training	Financial Statements & GRAP Standards Training	3	1	2		1	1		



Caddie Training	Caddie Training		1		1				
ARGCIS Training	ARGCIS Training		1				1		
IDP	IDP Learnership		1		1				
Driver's License	Driver's License:10 Unemployed	6	4	4	2	2	2		
Total									

Councillors

Name of training programme	Short description	Number of councillors							
		Gender		Race					
		F	M	AF	AM	CF	CM	WF	WM
Computer Training	Basic and Intermediate Computer Training	3	3	1	1	2	2		

3.3 Managing The Municipal Workforce

3.3.1 Injuries And Sick Leave

Department	Total number of Injuries for the year	Total number of days sick leave taken during the year
Municipal manager's office		237 days
Corporate Services	1	681 days
Financial Services	2	552 days
Strategic Services		183 days
Infrastructure Dev	9	1415 days
Community Services	7	615 days
Executive Mayor's Office		366 days
Total	19 Injuries	4049 Days

3.3.2 HR Policies And Plans

Approved policy	
Name of policy	Date approved
Incentives for exceptional performance	30 September 2008
Leave policy	30 September 2008
Overtime work policy	30 September 2008
Early retirement policy	30 September 2008
Recruitment & Selection Policy	25 February 2009
Employment Equity Policy	25 February 2009
HIV/AIDS Policy	25 February 2009
Sexual Harassment Policy	25 February 2009
Substance abuse policy	25 February 2009
Uniform protective clothing policy	25 February 2009
Policies to be considered by Council in the 2009/2010 Financial Year	
Incapacity ill health policy	
Incapacity poor performance policy	
Internal bursary policy	
Private work policy	
Occupational health and safety policy	
Relocation policy	



3.4 Trend On Total Personnel Expenditure Over The Last 4 Years

2005/2006	28.2%
2006/2007	38.3%
2007/2008	33.5%
2008/2009	34.1%

3.4.1 Personnel expenditure compared to total operating expenditure

Financial year	Total Expenditure salary and allowances (R'000)	Total Operating Expenditure (R'000)	Percentage (%)
2005/06	25,299	89 794	28.2
2006/07	28 ,152	73 540	38.3
2007/08	58,564	174,423	33.5
2008/09	77,065	225,888	34.1
Average	47,270	140,904	33.5

3.4.2 Promotions

Department	Gender		Race						Total
	Female	Male	AF	AM	CF	CM	WF	WM	
Municipal manager's office									
Corporate Services		1				1			1
Financial Services									
Strategic Services	1				1				1
Community Services		1				1			1
Infrastructure		1		1					1
Mayor's Office									
Total	1	3		1	1	2			4

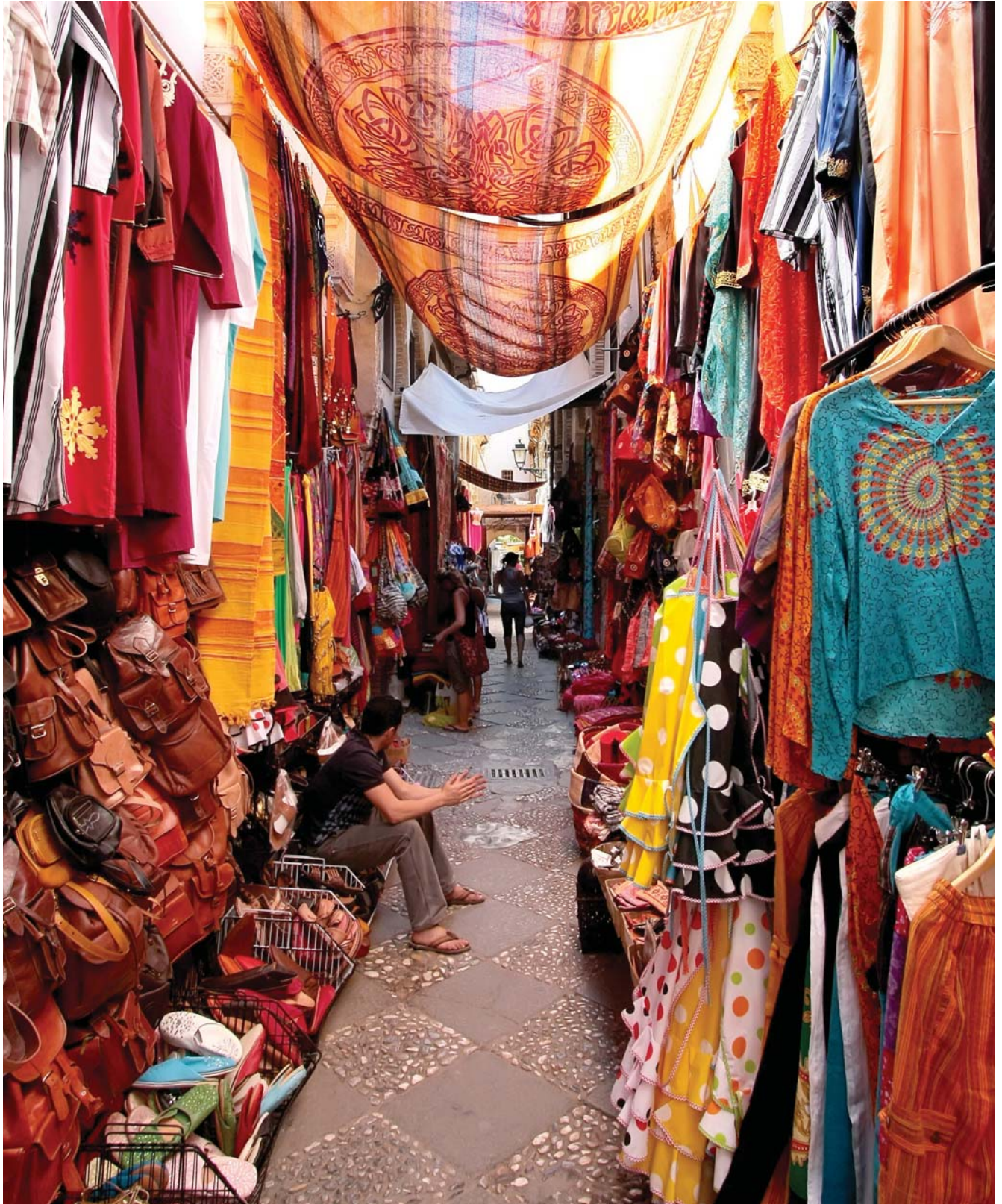
3.4.3 Upgraded posts

Department	Gender		Race						Total
	Female	Male	AF		CF	CM	WF	WM	
Municipal manager's office									
Corporate Services									
Financial Services									
Strategic Services		1		1					1
Community Services									
Infrastructure		1		1					1
Mayor's Office									
Total		2		2					2

3.4.4 Salary level exceeding grades

Department	Gender		Race						Total
	Female	Male	AF	AM	CF	CM	WF		
Municipal manager's office									
Corporate Services									
Financial Services									
Strategic Services		1		1					1
Community Services									
Infrastructure		1		1					1
Mayor's Office									
Total		2		2					2

Chapter 4



Functional Service Delivery Reporting

4.1 Reports By Department

4.1.1 Municipal Manager

4.1.1.1 Local Economic Development

Overview of the function

Local Economic Development includes all activities associated with economic development initiatives. The municipality has a mandate to provide strategic guidance to the municipality's integrated development planning and economic development matters and working in partnership with the relevant stakeholders on strategic economic issues.

Strategic objectives

- To transform the nature of ownership, locus of control and meaningful participation in the economy of Bitou
- To develop and invest in the resources required for economic development
- To create the institutional framework to drive, maintain and sustain the economic development strategy

Key issues for 2008/2009

Supporting SMME's, encouraging new enterprises, attracting new investment and investing in soft and hard infrastructure, targeting disadvantaged groups and regeneration of certain parts of the area.

Performance highlights of the section 2008 / 2009

Plato mentorship programme for 15 SMME's

Fifteen (15) SMME's successfully completed a 2-year international mentorship programme. One of the enterprises whom participated on the mentorship programme included an internal fare trade agreement with the OXFAM organization.

Establishment of a RED Door Satellite office

Bitou Local Municipality entered into a Memorandum of Agreement with the Department of Economic Development for the establishment of a Red Door Satellite office for the Bitou region.

Establishment of UBUNTU @ CRAGS cooperative

Various sewing groups within the Craggs community approached the Municipality requesting start-up and capital assistance for their manufacturing entities. Six different groups totaling 30 females from the Craggs area trading in the manufacturing, trade and sewing sector joint together to form a primary cooperative.

The company was assisted with formal registration as a cooperative, named **Ubuntu @ Craggs Coop Ltd.** during March 2009. The cooperative is manufacturing products for a major retail store, Woolworths.

Grant funding to the amount of R150 000 was awarded to the cooperative as start-up funding to procure materials and machinery.

Capacity building for tourism and construction industries

▪ Construction industry - Contractor development Programme

A two-day training session on tendering that included modules on pricing and costing was conducted in conjunction with the Provincial Department of Public Works. Emerging contractors of the Bitou and Knysna municipal areas consisting of 55 participants attended this.

Furthermore, CETP training concluded for contractors within the construction industry and 54 participants attended the two-week training session as from 1 June 2009 until 12 June 2009 at the Kwanokuthula Community Hall. 2 sessions were conducted per day to accommodate the huge numbers, and the morning sessions targeted start-up industries within the construction sectors and the evening sessions were to accommodate those emerging

contractors not able to attend the morning session.

- **Tourism development - Hospitality training**

Training concluded for 10 emerging entrepreneurs in the trade of catering, shuttle services and tour guiding in conjunction with Tourism Enterprise Partners.

- **Hosting of Confederations Cup Public Viewing Area**

In conjunction with the 2010 coordinator and local, regional and provincial tourism role players, the tourism department has presented proposals to for consideration as potential base camp during the 2010 World Cup. Plettenberg Bay selected as the only official public viewing area in the Western Cape during the FIFA Confederations Cup. The municipality has made a substantial investment in upgrading facilities and infrastructure and an extensive training programme for volunteers in first aid, fire control, security and hospitality launched as part of the run-up to 2010.

Bitou Confederations cup Public Viewing Area "Fanjol" was coordinated during the months of March 2009 to June 2009, whereby 90 volunteers were recruited and performed voluntary functions in the following areas;

- Accreditation
- Administration
- Logical Management (Football development)
- Marketing (legal)
- Media
- Volunteer management
- Welcome Services (Environmental, Information, ushering and spectator services)

The event was hosted during the period 14 – 28 June 2009.

4.1.1.2 Youth Development

Introduction

"Youth Development is a process that enables young people to acquire the knowledge, skills, attitudes and values that enable them to be self-sufficient individuals who can contribute positively to society."

We also need to explain what Integrated Youth Development means and also look at how it might be applied in practice. We believe that this approach is one of the best ways of achieving effectiveness – helping young people reach their optimum potential as valued and valuable members of their communities.

All young people require support to develop physically, emotionally/ psychologically, socially, economically and spiritually to become healthy adults who can contribute to the development of their communities. Integrated Youth Development is when programmes and initiatives combine different elements in a holistic way to respond to the inter-connected needs and aspirations of young people. This approach treats young people as a whole-person and not as a series of separate (separable) problems and needs.

Legislation and Institution governance

There has always been legislation that governs youth affairs to indicate the insistence of government to develop young people. The Demutualization levy Act 1998 (UYF), Provincial Youth commission Act, NYC Act n 19 of 1996.

Youth are defined as young man and woman of age;

- 14-35 NYDA act (NYC act)
- 15-35 African Youth Charter
- 14-28 United Nations

The applicable legal instrument for South Africa is the NYDA Act, 14-35

Establishment of Local Youth Unit

Kopanong Conference funded by Flemish Government resolved that all municipalities should have Local



Youth Units and LYU must be constructed in a manner that will locate them strategically to advance youth development, Bitou Municipality is among the first municipalities in Western Cape to establish youth units and has been placed strategically in the Office of the Executive Mayor, however some implementation processes need to be rectified to reflect the Kopanong Conference resolutions as it requires Youth Unit to be as follows:

Projects and Programs

Youth Advisory Centre

Bitou Municipality received funding from UYF to establish and facilitate Youth Advisory centre at amount of R300 000 per year for three years.

Services as per Mandate

- Target for participants was 5000 the actual participants were 11040.
- 521 bursary forms were distributed to schools and 43 people were given the bursary by the municipality.
- 70 participants have been assisted to secure business opportunities through private and Municipal tendering processes 15 of the participants successfully registered their businesses; 20 business plans were referred to the Red Door.
- Referred 17 participants in the learnership programs and completed level 1 and 2 and 30 completed level 1 of the training as Operators in the mining industry through Denron/ Komatsu training Centre.
- Career guidance is offered to 2 high schools at YAC and the Southern Cape College ongoing basis.

Activities

Youth Month

A youth (June) month program was launch by the Executive Mayor on the 1st June 2009 and was rolled out until 31st June 2009. Included in the programme was;

Youth Championship

This one month long soccer, rugby, netball tournament facilitated by SAFA Plett is an annual activity financed by Bitou Municipality Played and this year 60 teams (42 soccer, 12 netball and 6 Rugby) with 1308 young people between 14 – 35 years participated as players.

June 16

Each year Youth Day is celebrated on 16 June as a reminder of the importance of the youth in the history and the future of our country. Bitou municipality commemorated these heroes by organising an event where young people gathered to showcase their skills, this year there were national artist such as DJ Cleo, DJ Thulz and our own DJ Mjilo.

Ours is to defend the sacrifices made by our Youth of 1976

Awards Ceremonies

Youth Awards

The Executive Mayor in his Community excellent awards has recognised work done by young people through Sport , Business and in community work by awarding deserving youth.

June Month awards

All sporting clubs and players that participated in the youth month tournament we invited to closing event of the June month and awards were given to winning teams.

Training and Development

Bursaries

43 students through municipal bursaries have benefited, this funding is as per the results of the Mayoral golf Day.

Internship and Learnership

We rolled out an internship and learnership program in which 50 students enrolled, 33 learners were absorbed by the Municipality as full-time staff others received external employment.

4.1.1.3 Tourism

Overview of the function

Tourism is one of the key economic drivers of the municipal region and the tourism and marketing department has as its core activity the management of visitor services and information as well as the image and marketing management of the municipality and the destination. It further also serves as the co-ordinator of all municipal events. It further provides guidance to the municipality's tourism matters and working in partnership with the relevant tourism stakeholders, local, regional and provincial on strategic economic and tourism issues.

Key performance objectives of the tourism department included

- Marketing and the re-establishment of Plettenberg Bay and environs as a desirable tourism destination for local, national and international visitors and ensure that tourism contributes to the local GDP of Bitou.
- Deliver an effective tourism information service to local, national and international visitors
- Develop an effective developmental tourism strategy, which allows for the inclusion of all previously disadvantaged individuals in the tourism industry and to ensure that all local residents, PDI's and HDI's, benefit economically from tourism enterprise.
- Maintain high awareness of the destination and its activities as well as promoting awareness towards the achievements and activities of the municipality at large.

The development of a comprehensive and strategic marketing communications plan was aimed to create media exposure for both the municipality and the destination Plettenberg Bay and surrounds in regional, national and international media through media educational, strategic news releases and destination features.

Key issues in 2008/2009

The past year offered significant challenges for the global tourism industry due to the worldwide recession; however, the tourism department continued its efforts to establish Plettenberg Bay and surrounds as an excellent tourism destination for both the domestic and international traveller.

During the past four years, the tourism department has implemented a comprehensive marketing and promotion strategy based on the core key performance objectives based on the Western Cape Tourism Act.8 of 2001 and in accordance with the Municipality's local economic development strategy as well as requirements of the Public Finance Management Act (PFMA), Treasury regulations and other requirements as set out by the Provincial Treasury and provincial bodies.

Performance Highlights of the section 2008 to 2009

As part of the above key deliverables of destination marketing, the department maintained a strong global presence in key tourism markets such as Germany, Netherlands, Belgium, UK and Ireland. This was by highlighting the area's unique attractions at prominent international events such as ITB Berlin, Sud Afrika Tage Road Show in Germany, the Vakantiebeurs in Utrecht, Vakantiesalon in Antwerp and the SA Tourism Dutch Trade Fundi Workshop in Breda.

However, in keeping with international and domestic travel statistics, the department has also made a significant investment to create awareness within emerging markets in Africa, Nordic countries and the Far East through various travel showcases such as Reiselive in Sweden and trade and consumer shows in Beijing, China.

Keeping the global credit crunch into account, the department also continues to gain a foothold in the domestic travel industry through exploring key local opportunities such as the Outdoor Adventure Experience in Gauteng and Cape, Indaba, Trade Engagements where more than 1 700 travel and tour operators within all the major cities within South Africa.

The Getaway show in JHB also increase market share in the domestic holiday market. Specific promotions has also been structured around special dates such as Valentine's Day and Easter as well as school holidays to attract more local tourists to Plettenberg Bay and surrounds.

The Tourism department has effectively utilised these platforms to build awareness with regards to the destination and its activities, raise the profile of the products, facilities and services within the area and also to establish new strategic relationships and to strengthen existing relationships within the industry and media.

In addition, both domestic as well as international showcases also provided the opportunity for the tourism department to foster alliances with key travel agents and tourism operators in the core markets and to explore new opportunities in developing markets such as China, which is currently South Africa's fastest growing market.

Spectacular Experiences – 365 Days a Year Love Winter, Love Plett and Spectacular Summer, Spectacular 2010 destination

The key destination marketing messages have been incorporated under **Spectacular Experiences – 365 Days a Year** with specific seasonal brand pillars such as **Love Winter, Love Plett and Spectacular Summer** to build on the region's appeal as a year-round travel destination. For the last year, the tourism department has also focused their efforts on the upcoming 2010 FIFA World Cup by positioning Plettenberg Bay and surrounds as a **Spectacular 2010 destination** on various international trade and tourism platforms.

The department has been gearing up to offer 2010 visitors an unbelievable holiday experience. Specific emphasis placed on creating spectacular experiences in collaboration with our tourism partners and improving service standard, which included creating tourism ambassadors and offering language skills training.

The tourism department has started an extensive educational campaign to create informal tourism ambassadors that will continue until 2010. "The aim of this campaign is to train welcoming hosts and we'll kick off the campaign with conversational language skills training. The courses will include English, German, French and Spanish, as we believe that this would significantly increase visitors' experiences in our town.

Inspiring Afrika! Initiative has seen tourism officials interacting closely with community tourism forums to create viable community tourism products. The Kranshoek community has jumped at the opportunity and through its elected community tourism forum; structure has already identified some unique tourism angles. Due to the strong Griqua heritage of this community, their tourism initiatives will include a tribute to the rich cultural history of the Griquas, the Nama language with monument tours, traditional food and entertainment by traditional choirs and reel dancers as well tours on horseback. The community tourism forum is currently being fitted out whilst route maps, brochures and website marketing are currently being finalised. Community members have also started a small industry manufacturing fragrance pouches from the indigenous "kooigoed" or Helichrysum plant that used to scent cupboards and drawers.

This **Inspiring Afrika!** Program presents a range of tourism products and activities operated by participating tourism entrepreneurs. This initiative has created entry into tourism enterprise for several new Bitou business owners and SMME's. By providing dedicated assistance in various spheres such as marketing, planning and business administration, the campaign has been instrumental in establishing successful development tourism initiatives such as the Porcupine Trail, Anne's Bakes, Home Stays and Tour operations within the community sector. These authentic, urban township experiences give guests the chance to submerge themselves in the rich cultural diversity of Plettenberg Bay and surrounds, while simultaneously delivering a valuable financial injection into the area.

The tourism-marketing department recently received global recognition for their efforts to establish the region as a major player on the international tourism circuit in September 2008 when Plettenberg Bay was awarded a gold medal at the World Quality Commitment International Star Awards in Paris. This prestigious competition forms part of the Business Initiative Directions Awards that annually recognizes outstanding companies, organisations and business leaders from around the world. Bitou Tourism was one of hundreds of organisations from 74 countries judged on customer satisfaction, communication strategies, benchmarking, information services, leadership, planning and decision-making, processes and production, financial outcome, business results and ISO 9000. Several of the show stands have also been awarded gold; especially rewarding was the gold award for best provincial destination stand at Indaba 2009 where we competed with the country's nine provincial destination bodies and all the other regional and city destination marketing organizations.

Key areas still to be addressed include the conservation of the region's unique biodiversity and non-renewable resources, sustaining the well-being of local people, incorporating small-scale businesses and focusing on local participation, ensuring compliance to specific legislation towards tourism operations and activities to ensure a responsible sustainable tourism delivery within our area, BEE compliance and correct zoning.

The media exposure achieved in the 2008/2009 fiscal year was in excess of R6-million, which excluded any digital coverage received on websites and electronic news deliveries.

Media collaboration with Earth TV has paid spectacular dividends with 175-million people in 200 countries viewing 887 destination-specific inserts totaling 47,5 minutes per month.

The website was revamped and monthly newsletters are currently mailed to over 5000 subscribers both domestic and international.

4.1.1.4 Internal Audit

Overview of the function

Internal Audit exists to support the Municipal Manager and the Council in the effective discharge of their responsibilities. The Unit reports administratively to the Municipal Manager and functionally to the Audit Committee. In addition, the Internal auditor has direct access to the Chairman of the Audit committee should the need arise.

Key performance objectives of the Internal Audit department

- Completion of annual risk analysis
- Completion of Risk Based Audit plan
- Reporting to Audit Committee

Key issues in 2008/2009

The responsibilities of Internal Audit are defined and governed by a Charter which is approved by the Audit Committee and Council on an annual basis. In terms of this charter, the following types of audits should ideally be performed by the unit:

Compliance & limited regularity Audits
Performance audits
Information technology audits
Forensic audits
Ad hoc audits

However due to Council not having an approved Risk Management policy in place, the audit plan concentrated mainly on:

Previous Audit plans
Previous Internal Audit Reports and comments received on these reports
Discussions with municipal employees
The auditor general's report on the 07/08 financial Statements
The external Auditor's Management letter; and
Ad Hoc assignments

In view of the above, the Audit Committee and management have taken to resolve the situation – by increasing the staff establishment to include a Risk Specialist position which should be filled by the end of January 2010 and conducting a risk assessment to form the basis of the Internal Audit Programme going forward.

During the reporting period, the municipality was subjected to a multitude of audits which included, amongst others, the following areas: expenditure, stores, human resources, performance management, bank reconciliations and waste management

Performance Highlights of the section 2008 to 2009

The unit embarked on various risk management initiatives as part of its strategy too combat fraud & corruption. In this regard various workshops were conducted with the target audience being all officials falling within the management echelon.

The campaign included, inter alia, workshops on fraud Prevention, which included the rollout of the Fraud Prevention plan and the department's strategy in reducing the incidence of fraud and corruption. Presentations on Good Corporate Governance which incorporated a module on the relevant sections of the Municipal Finance Management Act were also conducted.

4.1.1.5 Legal Services

4.1.1.5.1 Overview

This section provides in-house legal support services to all departments and political office bearers.

4.1.1.5.2 Description of the activity

Legal support services provide a comprehensive service which includes the following:

- Drafting of contracts
- Legal advice on all legislation
- Drafting of by-laws
- Ensuring compliance with legislation
- Liaising with attorneys regarding litigation
- Facilitating disciplinary action against employees
- Verifying claims against the Municipality

4.1.1.5.3 Number of personnel

The section comprise of a manager who is an admitted attorney.

4.1.2 Chief Financial Officer

4.1.2.1 Key performance areas

- Provision of timeous and accurate financial reports within legislative and prescriptive frameworks
- To ensure effective efficient and compliant financial management systems and practices
- Ensure that the supply chain management processes complies with the relevant policies and procedures
- Ensure that the municipal assets and resources are optimally managed and safe guarded in accordance with municipal legislation
- Ensure that internal control and risk prevention measures are effectively implemented in accordance with the municipal guidelines
- To provide advisory/auxiliary services to council and project financing stakeholders
- Management of Information and communications Technology systems and assets

The Finance Department comprise of the following functional areas, against which performance was measured for the 2008/09 period:

4.1.2.2 Financial Management Services

- Budgeting – providing guidance and support to the municipality in respect of all budget-related matters (including the Service delivery and budget implementation plan) and monitoring the actual performance against budgeted projections on an ongoing basis.
- Finance – ensuring support in respect of the corporate functions of accounting, asset management, and treasury and costing.
- Reporting – ensure that monthly, quarterly and annual reports required in terms of the MFMA submitted to National-, Provincial Treasury and Council.

4.1.2.3 Income

- Valuations – focusing on the execution of general and additional valuations.
- Revenue – ensuring that funds due to the municipality correctly billed and collected and those accurate and transparent accounting processes are used (includes meter reading and receipting services).
- Debt collection and credit control.

4.1.2.4 Expenditure

- Expenditure – recording, controlling and processing all payments for the municipality in an efficient and accurate manner, thereby assisting with budget control and cash flow management.
- Payroll and operational support – maintaining a well-run and efficient pay office to ensure timeous payment to employees and councillors.

4.1.2.5 Supply Chain Management

- Procurement – managing the procurement of goods and services in a fair, economical and efficient manner that protects tenders and complies with legislative procedures and processes.
- Stores – managing the procurement and issuing of goods in a fair, economical and efficient manner that protects tenders and complies with legislative procedures and processes.
- Reporting – ensure that monthly, quarterly and annual reports required in terms of the MFMA are submitted to National-, Provincial Treasury and Council.

4.1.2.6 Information and Communication Technology

- Maintenance of the municipality's information technology systems.
- Upgrading of the municipality's information technology systems.

- Maintenance of the municipal website.
- Implementation of IT policies.
- Introduction of new IT systems.

4.1.2.7 Departmental Performance 2008/09

Procurement

Lack of staff poses a major challenge for this section to function effectively. Additional staff was seconded during the financial year to improve service delivery to other departments. The section is however still not fully functional and especially contract management needs urgent attention. A number of workshops were arranged to educate Heads of departments and section Managers around the importance to comply with the supply chain Management Regulations and Council's supply Chain Management policy.

Expenditure

This section strives to pay creditors within 30 days after receipt of an account and subject to all required documentation being submitted. This is not always possible because the correct procurement procedures are not followed by all staff members which lead to lack of documentation.

One of the key considerations in relation to expenditure is the extent to which the municipal expenditure supports small, medium and micro enterprises (SMMEs) and Black Economic Empowerment (BEE). Special payment arrangements are in place to ensure that SMME's are paid within days after they submit valid documentation. There has been considerable increase in SMME and BEE spends within the municipality. The section was responsible for the payment of R225,9 million to suppliers and employees during the 2008/2009 financial year.

Revenue

Council adopted a new Credit Control and Debt Management Policy, which addresses the management of indigents. This policy ensures that those who cannot pay their accounts but are indebted to the municipality are handled in the most appropriate manner. An extensive campaign launched annually to reach indigents and to update the indigent register.

Free basic services

The municipality provides free basic services to indigent and poor households. These include water, electricity, sewer, property rates and refuse removal. Free electricity provided to on average 6,374 households at a cost of R2, 1 million for the year. The cost to provide free water to 5158 households amounted to R1,46 million for the year. Other basic services provided to 1750 households at a cost of R2,35 million for the year. The total cost to provide free basic services amounted to R5,91 million for the year.

The table below provides a breakdown of the monthly free services provided to indigent and poor households.

FREE BASIC SERVICES 2008/2009										
Month	Electricity			Water			Sewerage and Refuse removal			Total Cost
	Number of House holds	Total KWH Units	Value	Number of House holds	Total KL	Value	Number of House holds	Value	Total Subsidy	
Jul-08	6,043	302,150	165,728	5,322	31,932	129,324.60	2,489	111.93	278,593.77	573,646
Aug-08	6,160	308,000	169,004	5,322	31,932	129,324.00	1,514	111.93	169,462.02	467,790
Sep-08	6,160	308,000	169,004	5,322	31,932	129,324.00	1,511	111.93	169,126.23	467,790
Oct-08	6,160	308,000	169,004	5,322	31,932	129,324.00	1,511	111.93	169,126.23	467,790
Nov-08	6,296	314,800	172,812	5,302	31,812	128,838.60	1,630	111.93	182,445.90	484,097
Dec-08	6,409	320,450	175,976	5,302	31,812	128,838.60	1,645	111.93	184,124.85	488,939
Jan-09	6,466	323,300	177,572	5,303	21,818	128,862.90	1,664	111.93	186,251.52	492,676
Feb-09	6,513	325,650	178,888	5,308	31,848	128,984.40	1,730	111.93	193,638.90	501,511
Mar-09	6,553	327,650	179,671	5,308	31,848	128,984.40	1,779	111.93	199,123.47	507,779
Apr-09	6,559	327,950	180,176	4,693	28,158	99,960.90	1,829	111.93	204,830.78	484,968
May-09	6,578	328,900	180,708	4,695	28,170	100,003.50	1,829	111.93	204,830.78	485,542
Jun-09	6,594	329,700	181,156	4,693	28,158	99,960.90	1,870	111.93	209,309.10	490,426
Total	76491	3,824,550	2,099,699	61,892	361,352	1,461,730.80	21,001		2,350,863.55	5,912,954



Ave	6,374	318,713	174,975	5,158	30,112	121,811	1,750		195,905	492,746
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Debt collection

In an effort to improve the collection rate a service provider has been appointed from 1 September 2009 to assist with debt collection and management. The average collection rate for 2008/2009 is 91.7 % compared to 89.5% in 2007/2008.

Summary of monthly levies and payments - 2008/2009				
Month	Netto Levied	Payment Total	Amount Unpaid	%
Jul-08	8,592,060.94	7,198,184.48	1,393,876.46	83.78
Aug-08	9,690,043.54	8,762,241.67	927,801.87	90.43
Sep-08	10,858,929.87	8,396,157.11	2,462,772.76	77.32
Oct-08	10,648,987.95	11,482,915.11	(833,927.16)	107.83
Nov-08	10,262,738.47	8,222,583.62	2,040,154.85	80.12
Dec-08	10,102,136.03	10,882,873.45	(780,737.42)	107.73
Jan-09	10,222,970.35	10,098,655.29	124,315.06	98.78
Feb-09	11,629,764.93	11,635,040.85	(5,275.92)	100.05
Mar-09	11,388,830.82	10,666,871.12	721,959.70	93.66
Apr-09	10,536,273.77	9,470,449.65	1,065,824.12	89.88
May-09	10,693,320.66	10,200,559.80	492,760.86	95.39
Jun-09	10,255,113.48	7,493,245.69	2,761,867.79	73.07
Total	124,881,170.81	114,509,777.84	10,371,392.97	91.69

An amount of R10,4 million compared to R11,5 million in 2007/2008 remained unpaid by ratepayers. Outstanding consumer debtors amounted to R39.8 million as at 30 June 2009 compared to R30,7 million at 30 June 2008. The current economic circumstances has a negative effect on outstanding debt. During the 2008/2009 financial year an amount of R2,6 million of debt owed by indigent households and other community organizations were written off. The provision for bad debts amounted to R 23,9 million (2007/08:R19,9 million) as at 30 June 2009. It is encouraging to see that during the months of October 2008, December 2008 and February 2009 the collection rate was above hundred percent.

Budgets

During the 2008/09 financial year, the municipality managed an operating budget of R226,6 million (2007/2008:R180,665 million) and a capital budget of R67,9 million (2007/2008:R56,016 million).

Financial Management

As part of its key mandate, the Budget & Treasury section is responsible for the completion and submission of Annual Financial Statements to the Office of the Auditor-General. The 2008/2009 financial statements were prepared in terms of GRAP principles. Changes in respect of the accounting policy during 2008/2009 reflected in the notes to the Annual Financial Statements. The implementation of GRAP 17(PPE) is phased in over a period of three years.

Payroll

During 2008/09, the Salaries section successfully manages and control the monthly payment of salaries (including third party payments) to staff and councillors, with the section adhering at all times to legislative requirements.

Information Technology

The municipality makes use of the SAMRAS DB4 financial system to account for financial transactions. This includes modules for billing, budgeting and expenditure, salaries and stores. No new information technology systems introduced during the 2008/2009 financial year.

Auditor -General report for the 2007/2008 and 2008/2009 financial years

A performance highlight for this department is definitely the achievement of unqualified audit outcomes for the 2007/2008 and 2008/2009 financial years. The Auditor –General raised a number of issues as other matters. Management compiled an action plan based on the Auditor-General’s management letter in order to rectify the matters raised.

4.1.3 Corporate Services

4.1.3.1 Aerodrome

Overview of the function

The Plettenberg Bay Aerodrome has been in operation as far back as 1968. The municipality has since been in charge of the management of the aerodrome, and the aerodrome caters for private as well as air charter flights to Plettenberg Bay.

Air Charter: An entity that provides on-demand, non-scheduled passenger service in aircraft having no more than 30 passenger seats. This entity must operate under the appropriate South African Civil Aviation Regulations.

The Aerodrome is for the provision of a municipal support activity. The municipality is determined to get the airport fully operational so that it can become one of the assets that are contributing to the economic growth of the Greater Plettenberg bay. It is also in line with the municipality’s strategic vision of Municipal Responsible Tourism Sector Plan, the Local Economic Development Plan, Integrated Development Plan and Provincial Growth and Development Plan.

The Operations of the Aerodrome is entirely regulated by South African Civil Aviation Authority by means of:

1. South African – Civil Aviation Technical Standard
2. South African – Civil Aviation Regulations

Specifications and Description of the activity

The airport specifications are as follows:

Technical Specifications:

- o Airport ICAO Code - FAPG
- o Airport IATA Code - PBZ
- o Longitude/Latitude - E 023° 19’ 40.00” / S 34° 05’ 25.00”
23.327778 / -34.090279
- o Magnetic Variation - W 26°10.1’ (2008-04)
- o Time Zone - UTC+2

Runway Information

Runway 12/30

Dimension: 4003 x 66 ft / 1220.1 x 20.1 m

	Runway 12	Runway 30
Longitude:	23.321264 / E 023° 19’ 16.55”	23.334292 / E 023° 20’ 03.45”
Latitude:	-34.089322 / S 34° 05’ 21.56”	-34.091233 / S 34° 05’ 28.44”
End Elevation:	444.0 ft	465.0 ft
Alignment:	124.0	304.0
Slope:	0.5	-0.5

- Total site, measuring about 65ha (Ptn 27,28,29,30,31,80 of Farm Roodefontein No 440)
- Height above sea level 456ft
- Navigational aids – non directional beacon, 277.5MHz frequency
- Radio frequency 124.80
- Tar runway measuring 1220m in length and 20m in width, 2 x 60m over-runs.
- Stewart Scott International has been appointed to do assessment for extension of the runway.
- 42 hangers, terminal building, toilets and tar access road and gravel open car park.
- Fenced property
- Category 2 Aerodrome with no scheduled flights (As per SA-CAA standards).
- Current Staff: Airport Manager, Senior Airport Operations Officer, Airport Operations Officer and two re-fuellers.
- 1 x Fuel speed point
- 1 x Avgas fuel bay & 1 Jet A1 fuel bay (acquired during December 2008)

- No fire fighting and rescue services for scheduled flights.
- Airport operating during municipal working hours only:
- 07h30 – 16h30 Mon-Thurs and 07h30 – 13h30 Fri.
- Standby from Fri. 13h30 – Mon 07h30 & Callouts as per schedule to cover weekends & public holidays.

The function of the Aerodrome within the Municipality is administered as follows and includes:

Aeronautical Activities

- Flight information services i.e. weather conditions on ground etc;
- Aviation fuel and oil sales;
- Daily fuel sampling for debris or suspended water as prescribed;
- Catering for flight training schools who wishes to makes use of our facilities for their commercial operation of instructing pilots in dual and solo flight in any aircraft, and related ground school instruction as necessary to complete a SA-CAA written pilot's examination and flight check ride for various categories of pilot's certificates and ratings;
- Aircraft parking and leasing of hangar space for private aircraft owners;
- Charter operations i.e. sightseeing;
- Any other activities that, because of their direct relationship to the operation of aircraft, can appropriately be regarded as an aeronautical activity.

Aviation-Related Activity

- Ground transportation
- Luggage handling

Routine Maintenance carried out at the Aerodrome which include:

- Maintenance of the tarred runways
- Maintenance of navigational aides (NDB)
- Maintenance of municipal buildings
- Maintenance of boundary fences
- Paving of parking areas and fuel enclosures
- Eradication of alien vegetation

4.1.3.2 Human Resources Overview of the function

The Human Resources function is a **staff function** aimed at providing the organisation with labour, and giving it specialised human resources services to help it to achieve the organisational goals. The Human Resources function should be flexible by implication, and physical embodiment of this function depends on the nature of the organisation in terms of its size, product(s), service(s) and geographical location.

Description of the activity

The Human Resources Section provides the following functions;

- Human Resources Provisioning,
- Comprising human resources planning,
- Recruitment, selection, placement, induction and career management.
- Human resources maintenance, comprising the determination of conditions of service, remuneration structures, record keeping, personnel turn-over, settlement of disputes, advisory services, employer-employee relations, social responsibility.
- Employment equity and performance assessment.
- Human resources development, comprising training and development as its most important activities.

All these services/functions are provided in line with our corporate Vision of **"To be the best together"** and Mission statement, with the focus of enshrining the Batho Pele principles that ensures that the customer (whether internal or external) is put first and the services are of high quality.

4.1.3.3 Facility Management Overview

Facility management entails the management and administration of community halls and catering and

conference equipment and the management and administration of the cleaning of all municipal premises.

Description of the activity

The function of Facility Management within the Municipality is administered as follows and includes;

- Monitor physical condition of facilities. Develop and administer maintenance programs and recommend policies to efficiently maintain facilities in good condition.
- Procure and maintain required equipment for the cleaning of Council premises and for providing and maintaining facilities in Community Halls. Train employees in use of equipment.
- Assist with preparations for corporate events regarding hall set-up and provision of equipment and facilities at the various Community Halls.
- Manage employees engaged in corporate services activities. Hire and train employees, assign, review, and check work, eliminate ordinary difficulties, enforce company policies, establish performance standards, and evaluate employee performance.

The Cleaning Team are required to clean the following offices, halls and other facilities:

Community Halls:

Kwanokuthula
New Horizons
Kranshoek
Green Valley
Kurland
Bossiesgif/Qolweni
Piesang Valley

Halls are cleaned on a weekly basis, and additional cleaning is required if functions are held more than once a week in a specific hall.

Recreational Facilities:

Plett Rugby Club
The club has to be cleaned before and after each event sponsored by the municipality.

Offices & Venues

Depot Marine Way
Traffic Dept
Fire Dept
Kranshoek Library
IDP/LED Offices Seawitch Avenue
Youth Advisory Centre New Horizons
Central Library
New Horizons Library & Housing Office
Kranshoek Housing Office
Kranshoek Library
Kurland Housing Office
Aerodrome
Green Valley Housing Office
Offices are cleaned on a weekly basis.

In addition to the above, the Supervisor, Cleaning Team is responsible for the closing and opening of the Halls in New Horizons and Kwanokuthula.

The Piesang Valley Hall is the only hall with a full-time caretaker, who also opens and closes the hall for functions. Opening and closing of the halls in Green Valley, Kurland, Bossiesgif/Qolweni and Kranshoek is taken care of by the Community Liaison Officers operating in the various areas.

Number of personnel

This section consists of 7 personnel members who report directly to the Manager Secretariat & Facility Management, and 6 personnel members who assist with certain of the functions, (Community Liaison Officers, who administers

the bookings of the Community Halls) but reports to the Manager, Housing & Beaches (Department Community Services).

Total value of projects current and planned

Capital expenditure to the amount of R455 000.00 was expended during the 2008/2009 financial year. The Bossiesgif/Qolweni Community Hall in the industrial area was upgraded and a fence was installed, the New Horizons Community Hall had a new fence installed, Kranshoek Community Hall was tiled and roller blinds was installed in Bossiesgif Qolweni, New Horizons, Kwanokuthula, Green Valley and Kurland Community Halls. A new trailer was procured for the cleaning team to transport the heavy duty cleaning equipment and computer equipment which had become obsolete was upgraded or replaced.

4.1.3.4 Secretarial Services Overview

The section is responsible for the Management and Administration of Council's Committees, Secretarial Support Services, Telecommunications and Auxiliary Services. Administrative and Secretariat support is also provided for the Ward Committees to enable them, through a functional structure, to serve and interact with the community.

Description of the activity

The Secretariat function within the Municipality is administered as follows and includes:

- Secretariat and Corporate support to Council and its Committees, including Ward Committees which covers the whole spectrum of Decision Management from the stage when an Item is submitted to the Council or its Committees until the resolution has been taken and implemented.
- Providing secretarial support to Department Corporate Services, and the Office of the Municipal Manager on a relief basis.
- Annual formulation and monitoring of operating and capital expenditure related to this section on the budget.
- Day-to-day management of the Secretariat and Ward Committees to ensure provision of a high standard of service to elected Members and other stakeholders.
- Providing advice, support and information and facilitate training to all Ward Committee members to enable them to be effective in meetings and in their representational role in the community.
- Advising Ward Committee members and Ward Councillors on Ward related engagements and programme of events, providing a link with the rest of Council and external organisations.
- Providing coordination and management of Mayoral, Council and Ward Committee events. These services could include the securing of venues, catering and transport arrangements, but do not necessarily take care of the facilitators of the meeting / presentation, which reside within the Department responsible for the event.
- The reviewing of arrangements for the induction of new Members and implementation of changes as agreed with Party Leaders and the Chief Executive.
- The development of better links between the community and the democratic processes.
- The Implementation of appropriate telecommunications systems and expenditure control to ensure cost effective and service delivery orientated telephone and cellular communication within the Council and within the community.
- Negotiate and enter into contracts for cellular phones for employees receiving cellular phone allowances.
- Maintenance and administrative support to cellular contract users in upgrading their instruments, maintenance and repair, etc.

Analysis of the function

Number of personnel

This section consists of 6 personnel members who report directly to the Manager Secretariat & Facility Management, and 9 personnel members who assist with certain of the functions, but reports to either the Chief of Staff in the Executive Mayors Office (Community Development Workers) or the Manager, Housing & Beaches. (Community Liaison Officers, Community Services), who act as scribes for the Ward Committee meetings and is the liaison officers in their respective wards.

Total value of projects current and planned

Uniform clothing in the form of golf shirts, caps and jackets were procured for all Ward Committee members, as well as satchels and conference bags.

Quarterly Reports:

	QUARTER			
	1 ST	2 ND	3 RD	4 th
Number of Wards	6	6	6	6
Aggregate Number of Ward committee meetings held with a quorum, across all wards during this quarter	9	7	10	12
Number of Wards that have had a ward committee meeting with a quorum, during the three months of this quarter	5	5	6	6
Number of full Council Meetings held in this quarter	1	1	1	1
Number of Mayoral Committee meetings held in this quarter	3	5	5	3
Number of Special Council meetings held in this quarter	2	3	4	1
Number of Audit Committee Meetings held in this quarter	1	1	2	1

The Extent of Bitou Municipality's support to Ward Committees:

The Bitou Local Municipality is divided into 6 Wards, and Ward Committees were established in all six Wards. Members were elected through a nomination process by community members residing in the Wards and appointment by Council. The Ward Councillors are the Chairpersons of the various Ward Committees. Open communication channels and interaction exist between the Ward Committee members, the various municipal organisational structures and other interested non governmental bodies in the Bitou Municipal area.

Wards 1,2,3 & 4 are fully functional and meet regularly once a month on the same date. The respective meetings are held in each ward, at the venues as indicated below.

Ward 1: Alternates between Green Valley Community Hall and Kurland Community Hall
 Ward 2: Bossiesgif / Qolweni Community Hall
 Ward 3: New Horizons Library
 Ward 4: Kranshoek Chambers

Wards 5 and 6 are functional, but require additional members. The two wards usually hold combined meetings.

Ward 5 Kwanokuthula Library (Simunye Centre)

Ward 6: Community Hall, Simunye Centre, Kwanokuthula

Transport is provided, where necessary, to Ward Committee members to attend Ward Committee meetings and functions where public participation, through the Ward Committee system is required.

Venues have been established for the Ward meetings, and support personnel, through the Community Liaison Officers and Community Development Workers have been put at their disposal. Food and beverages are provided at the Ward Committee meetings

Council/Committees Meetings Detail



Ward Committee Meetings	Ordinary & Special Mayco Meetings	Ordinary Council Meetings	Special Council Meetings
21 August 2009	23 July 2008 (Special)	30 September 2008	23 July 2008
18 September 2009	29 August 2008	4 December 2008	29 August 2008
23 October 2008	30 September 2008	26 March 2009	29 October 2008
27 November 2008	29 October 2008	26 June 2009	27 November 2008
19 February 2009	20 November 2008 (Special)		18 December 2008
19 March 2009	27 November 2008 (Special)		22 January 2009
30 April 2009	4 December 2008		25 February 2009
25 May 2009	18 December 2008 (Special)		9 March 2009
22 June 2009	22 January 2009 (Special)		20 March 2009
	17 February 2009 (Special)		29 May 2009
	25 February 2009		
	9 March 2009 (Special)		
	26 March 2009		
	6 May 2009		
	29 May 2009		
	26 June 2009		

4.1.3.5 Telecommunication Management:

Schedule of Telecommunication cost 2008/2009:

TELECOMMUNICATION COST: 2008/2009					
DEPARTMENT	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08
Rental: Equipment & Lines: All Departments	43 402	33 966	33 903	37 209	37 665
Offices of the Municipal Manager & the Executive Mayor	5 014	13 623	17 188	11 879	16 482
Dept Policy Strategic Planning & Integrated Human Settlements	-	-	-	-	-
Dept Corporate Services	17 537	16 457	19 152	18 698	14 787
Dept Finance	16 011	13 578	12 419	8 990	8 157
Dept Municipal Services & Infrastructure Development	12 475	11 769	16 922	17 687	9 496
Dept Community Services	11 431	9 721	14 070	10 587	15 207
Councillors	424	473	558	445	305
Imatu	1 122	901	724	747	146
Samwu	-	-	-	-	43
Subtotal: Expenditure	105 869	99 114	113 653	105 049	101 794
Rebate on Cellular Calls	-10 268	-11 694	-11 764	-16 124	-16 065
Amounts recovered from Personnel for private calls	-7 797	-8 773	-11 589	-13 508	-7 672
Subtotal: Rebates and amounts recovered	-18 065	-20 467	-23 353	-29 632	-23 736
Total Actual Cost	89 351	80 021	91 582	76 609	78 552

**TELECOMMUNICATION COST: 2008/2009**

	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Year to date
5	37 209	31 804	38 960	39 214	37 315	38 647	36 957	446 251
2	11 879	18 604	14 597	10 931	10 282	11 997	1 999	144 473
-	-	-	6 868	3 936	4 802	8 789	4 875	29 271
7	18 698	15 176	10 575	7 218	9 695	9 873	11 683	169 549
7	8 990	14 927	14 944	16 069	10 855	13 432	15 545	153 917
5	17 687	18 939	13 710	13 710	14 076	10 220	14 814	171 505
7	10 587	11 585	21 698	25 934	19 707	21 791	32 916	205 233
5	226	393	468	277	616	291	255	4 731
5	752	1 069	1 146	760	540	262	565	8 734
3	10	111	234	209	322	110	205	1 244
1	105 049	111 034	121 352	117 013	106 731	114 750	118 790	1 334 908
5	-12 767	-17 145	-17 416	-19 200	-15 116	-19 691	-18 836	-186 086
2	-10 509	-11 175	-5 251	-8 270	-16 008	-14 594	-12 788	-127 934
5	-23 276	-28 320	-22 667	-27 470	-31 124	-34 286	-31 624	-314 020
2	82 762	84 286	100 534	90 788	77 085	81 128	88 191	1 020 888

Summary of analysis of telecommunications expenditure from the Financial Year 2008 /2009

Total Expenditure All Departments	R 1,334,908
Minus Rebate on Cellular Calls	R 186,086
Minus Amounts recovered from Personnel for private calls	R 127,937
Subtotal: Rebates and amounts recovered	R 314,020
Total Actual Cost	R 1,020,888
Total amount budgeted for 2008/2009	R1,050,000

The telephone expenditure is one of the most costly items on this Section's budget, and all efforts are exercised to curb this cost. Individual users are issued with a pin code and reports are distributed monthly to all users to identify their personal calls. A summary of each Department's telecommunication expenditure, with individual cost per user, is also distributed to the various Heads of Department and Supervisors, as a management tool. Measures exist whereby individual user's pin codes can be restricted to limit their outgoing calls, if such individual's telephone expenditure is found to be excessive. (Pin codes can, for instance, be blocked to make only local calls).

The individual users call costs are processed, distributed to the various departments for identification of private calls, and processed upon return and submitted to the Department Finance for deduction. An average amount of R10 662.00 is recovered monthly for private telephone calls.

A global rebate on all outgoing cellular calls has been negotiated with Telkom, which has proved to be very cost effective. The average monthly rebate is R15 507.00

The PABX system is in the process of being upgraded from a Diana to an Optikon System, with routers and diginet lines replacing the tie-lines. The Municipal Depot, who is experiencing major problems due to a shortage of available lines on the current exchange, will benefit most. In addition, a new software reporting system will be installed, and should be fully operational by the end of December 2008. The old pin code program will be upgraded, and all information verified, and captured on the new system.

4.1.3.6 Records Management Overview

Records Management seeks to address the following set of secondary objectives, namely to:

- enable the municipality to find the right information easily and comprehensively;
- enable the municipality to perform the functions successfully and efficiently and in an accountable manner;
- support the business, legal and accountability requirements of the municipality;
- ensure the conduct of business in an orderly, efficient and accountable manner;
- ensure the consistent delivery of services;
- support and document policy formation and administrative decision-making;
- protect the interests of the municipality and the rights of its employees, clients and present and future stakeholders;
- support and document the municipality's activities, development and achievements; and
- provide evidence of business in the context of cultural activity and contribute to the cultural identity and collective memory of the nation.

Description of the activity

The Records Management function includes the following:

- opening of files and replacement of worn covers;
- noting the correct reference number on all incoming and outgoing correspondence and other material and distributing it via the electronic workflow system;
- correct and neat filing of all material;
- closure of records;
- receiving and opening of post;
- recording of moneys and valuable documents that are received;
- tracing of files;
- dispatch of outgoing items;
- pending of correspondence; and
- training of registry personnel.

Total number of documents received

During the 2008/2009 financial year 6209 documents were received, indexed, scanned and distributed via the electronic archive and workflow system.

4.1.3.7 Customer Care

The Executive Mayoral Committee selected a Customer Care Policy option in December 2006. This policy option seeks to ensure that **customer service excellence** is integral to the planning, resourcing and delivery of all our services. That whenever customers have contact with us, they will receive consistently excellent standards of customer service and that not all sections of our diverse multi-cultural community, including those with special needs are excluded from any area of service delivery.

The customer care policy and applicable service standards were workshopped with all the communities within the municipal area ward committees and all employees during the reporting period. The call centre was launched in January 2009 and has since handled **2968** customer requests, guided by the applicable service standards.

4.1.4 Community Services

4.1.4.1 Housing and Beaches

This section has delivered great deal to community with regards to housing for communities in out lying areas of Bitou area. The section has recently completed the show housing in Kwanokuthula

These sections together with others in this directorate have assisted numerous families in times of disaster from multiple dwelling fires and damages caused from severe weather being gale force winds and torrential rains. Assistance has always been offered to these effected communities with community halls and meals being of assistance in their time of need.

The Beaches have been face with a few concerns related primarily to crime and secondly to adverse weather at times.

The section has undertaken to improve security on beaches as well as working together with disaster management section of the fire department in early weather warnings.

Estimated Housing Backlog:

Kranshoek	:	1550
Kurland	:	600
New Horizon	:	1000
Kwanokuthula	:	2500
Green Valley	:	400
Covie	:	55
Bossiesgijf/Qolweni	:	1800
Harkerville (Barracks)	:	20
Total		7925

Type of Project	Area	Year of Project	No. of Units	Value of Project to date
Emergency Housing Programme Aprons, Civil Services and Repairs	Kranshoek	2008/ 2009 ongoing	241 241	R2 787 861 (Repairs) R1 690 909 (Aprons)
Project Linked: Civil Services Erf 5344 (134 Erven) Erf 6265 (100 Erven)	Kwanokuthula	2008/2009 Ongoing	234 Erven	R4 800 744.00



Upgrading of Informal Settlements Programme (i) Top Structures (265) (ii) Civil Services Phase II (521)	Qolweni/ Bossiesgif/ Pinetree/ Gaatjie	2008/2009 Ongoing	175 units 521 erven	R9 625 000 R22 000 000
Emergency Housing Programme Construction of Aprons Civil Services & Repairs	Green Valley	2008/2009	44 11 houses 88	R1 084 837 (Repairs) R 715 000 (Rebuild) R 1 005 041 (aprons)
Emergency Housing Programme Construction of Aprons & Civil Services	New Horizons	2008/2009	4	R 15 200 (aprons)
Emergency Housing Repairs (i) Reconstruction of burnt Houses (ii) Reconstruction of flood damage houses	(i) Kranshoek (ii) Kwanokuthula (iii) New Horizons (iv) Bossiesgif/ Qolweni (v) Green Valley (vi) Kurland	2008/2009	123	R590 400

4.1.4.2 HIV/Aids Co-ordination

The goal is ultimately to reduce the rate of infection by 50% in the period of five years as from this year 2009 to 2014 and to make sure at list 80% of Bitou communities effected get /receive ARV or AIDS treatment.

The HIV/AIDS section has set forward an operational need to mitigate the impact of HIV/AIDS in our area (Bitou).

The purpose of this section for our Municipality is to provide help where it is necessary and work closely with the NGO's and Support groups and avert funding the individuals who claimed to be working in a project that works to fight against HIV/AIDS.

This mission was started by the National Government and is operating in all spheres of government. The local AIDS Council was officially launched on the 1st of December 2008.

Since its inception this section this office was spearheading the 16 days of activism against woman and child abuse very successfully throughout the Bitou area. On the 1st of December we have managed to organize the world AIDS day function which was held at Kwanokuthula Community Hall.

All of our NGO's, Support groups from various areas of our Municipality and our Municipal Councillors were there.

On 14 May 2009 we were invited by Bitou MSAT to initiate the process of the draft of the strategic plan for our Municipality. We are committed to working closely with the NGO's. On the 18th of May we received an invitation from one of the local NGO to attend the candle light ceremony where our presence were acknowledged and appreciated. On the 3rd and 4th of June 2009 this office held a workshop on SALGA COUNTRY GUIDELINE and the purpose was to develop our own strategic plan to fight against HIV/AIDS.

To date we have successfully managed to have a two day workshop at Forever Resort and almost all members attended it. In this workshop we had the honour of having our first citizen the Honourable Executive Mayor Mr Mvimbi attend who opened and welcomed all participants, his Deputy Executive Mayor Seyisi, the Speaker of Kannaland Municipality Ms Barry, Mrs Sophie Fanelo HIV/Coordinator and Ms C Spice from George Municipality. These members from other municipalities were just there to observe as this was the first workshop by SALGA on a Country Guideline Document.

4.1.4.3 Traffic control, policing and law enforcement

The Bitou Traffic Section strives to provide a safe and secure environment for all road users within the Bitou Municipal Boundaries.

Bitou Traffic covers an area of 1250km² and performs their function with the following resources: are limited as the area is widely spread and law enforcement with road traffic regulations is limited at times.

Speed cameras are operating in the area and are to be seen as a catalyst in deterring speedsters and not as a revenue money making scheme.

New vehicles have been leased and a programme in public education into the AARTO system will be planned for in the new financial year of 2009/2010.

Successes and highlights within Traffic Policing are to a certain degree difficult to measure. Performance highlights within the Traffic Section are therefore reflected in an operational and administrative manner.

Tasks and targets were sat out for the 2008/2009 financial year as reflected below:

Public Transport	Target 100%	Achieved 100%
Traffic signs and markings		Achieved 60%
Standards and operating procedures		Achieved 100%
Turn out to emergencies		Achieved 90%
Effective traffic control		Achieved 90%
Security patrols		Achieved 100%
Taxis		Achieved 70%
Job creation		Achieved 100%

4.1.4.4 Fire and rescue services

The Bitou Fire Department has set forward an operational need to increase service delivery and offer a service in Fire and Rescue as legislated in Fire Brigade Services Act 99 of 1987 as well as improving Services as required to minimums in South African National Standards in Community Protection SANS 10090: 2003.

Fire Service at this stage is delivered from one Fire Station which is situated in Marine Way of Plettenberg Bay. The area of service is to an area of 1250km². The manning levels of operational staff are limited in capacity to experience, qualifications and skills directly related to emergency services.

Technical resourcing with regards to vehicles and equipment is limited. Essentially the fire department is expected to be prepared at all time for all situations and emergencies that may occur. Looking at possible risks within the area, it would be of concern as capacity again is limited.

From 1 July 2008 until 30 June 2009 emergency and non emergency calls were as follows:

Fires:

Residential Fires 60 calls
Commercial Fires 2 calls
Industrial Fires -
Bush Fires 105 calls
Vehicle Fires 13 calls

Fatalities -2

Motor Vehicle Accidents

Injuries - 50
Non Injuries -63

Fatalities -6

Medical /Rescue

Medical- 6
Trauma - 8

Search and Rescue

2 calls

Hazardous Materials

Class 1 – Explosives 0
Class 2 – Flammable Gasses 2
Class 3 – Flammable Liquids 0
Class 4 – Flammable Solids 0
Class 5 – Oxidizers 0
Class 6 – Toxins 0
Class 7 – Radio Actives 0
Class 8 – Corrosives 0
Class 9 – Miscellaneous 0

4.1.4.5 Library Services

It has been a challenging year with demanding responsibilities. Striving towards excellence, we believe that the changes that were initiated in the way that services are delivered motivated staff to provide the best services to the library users. We however realize that there is much more to be done to improve on our services.

The demand for electronic assistance to users has increased tremendously, but unfortunately we could not manage to provide the services as an information resource. This will be one of our first challenges for the new financial year 2009/2010 to provide not only Internet facilities, but the Provincial Library Services will provide ICT support to us before the end of 2009.

Public Libraries are still an integral part of society, providing access to educational, cultural and recreational resources and programs. We have four functional Public Libraries in the Bitou area (Plettenberg Bay, New Horizons, Kwanokuthula and Kranshoek). Two new projects were initiated in 2008 for the communities of Kurland and Bossiesgif/Qolweni. With budgeted funding we managed to procure furniture and equipment for these two projects, which will be completed in 2009/2010 and in operation 2010/2011.

Library Management, Library Services and rules training to two new appointed branch Librarians in Kwanokuthula and Kranshoek.

Basic Library training given for two new permanent Library Assistants.

Continues In house training and research to improve knowledge and skills of staff focusing on the provision of information needs of users.

Attendance of Provincial Library forum meetings/workshops to network with other Libraries.

Academic support:

We also assisted the ECD (Early Childhood Development) students with information and support since they started with the course in 2007.

Tertiary students and Researches (including school educators) used the Inter Library support system.

Pre-schools and Crèches visited the Libraries and used our special block loans (10 – 15 books per teacher with a lending period of 1 month). It is very exciting to provide books for children of such a young age.

Matric Assistance: Although there were many loop holes in this project, it was a privilege for Libraries to support the students during their exams in May/June 2009.

Peer Councillors – Plettenberg bay Secondary and Fish Eagle Awards – Wittedrift High: Students from both schools did voluntary work at the Bitou Libraries.

4.1.4.6 Parks and Recreation

The Parks and Recreation Department is an operational department. It gives services to the whole Bitou Area, from Natures Valley to Harkerville. They play a vital role in serving the poor community with pauper or indigent burials. We have four teams that do the grass cutting, maintenance garden and sport field teams.

Kurland:

There are two cemeteries, one in the Township and one next to the N2 and entrance of Kurland Brick field. A Jewish cemetery is also part of this main cemetery. Grass cutting happens monthly by a private contractor of Kurland community.

Burial space: 40% in both

Green Valley / Wittedrift:

Grass cutting happens monthly by a private contractor of Green Valley Community.

Burial space: 99,5% full

Wittedrift cemetery is maintained by a non PDI.

Burial space: 85% full

Kranshoek:

Grass cutting happens monthly by a private contractor of Kranshoek.

Cemetery is well maintained and a new fence was erected.

Burial space inclusive the additional land for burial purposes that we already add and fenced will last for another 10 years.

Kwanokuthula:

Grass cutting: Private contractor of the community

Burial space: 75% full

Additional land will also be added and will extend the live due for another 7 years.

New Horizons:

Grass cutting: Contract awarded to a private contractor of Craggs community.

A palisade fence will be erected on top of the brick wall to prevent people to clime over. The fence will be

finalized before end of March 2009.

Burial space: 99,9%. Only space left in this cemetery is own by families that bought it years ago.

Town: Marine Drive / Park lane.

Grass cutting happens monthly by the team of Parks and Recreation and is also well maintained.

Burial space: 99,8% full.

4.1.5 Public Works

4.1.5.1 Town Planning

Overview

The overall objective of the Town Planning section is to facilitate and ensure effective integration of physical planning and development with environmental management, thereby striving to achieve sustainable development.

Description of the Activity

“Forward” or “pro-active” planning in the form of the Spatial Development Framework, together with the introduction of policies to address specific developmental issues.

Development management (including environmental management) through the control and regulation of the use of land by means of zoning and related mechanisms.

4.1.5.2 Civil Works

Overview

The Section is responsible for the planning and development of civil infrastructure projects.

Description of the activity

Planning, management and implementation of civil infrastructural projects to maintain and sustain economic growth of the area and keeping abreast of short, medium and longer term demand requirements and objectives of services provision and IDP strategies.

Value of civil infrastructural projects

Contract number	Description	Project value
SCM/PW 41/2008	The design, construct for additional parking, storm water channel and retaining wall at Beacon Island Drive Plettenberg Bay	1 224 486,00
SCM/PW 02/2008	Construction of concrete aprons around houses Green Valley	1 005 041,95
SCM/PW 03/2008	Construction of concrete aprons around houses Kranshoek	1 779 905,05
SCM/PW 29/2008	Repair & Reconstruct houses in Kranshoek	2 934 591,87
SCM/PW 30/2008	Repair & Reconstruct houses in Green Valley	2 169 675,69
SCM/PW 24/2008	Civil Engineering Services for Bossiesgif/Qolweni (Phase11)	18 012 668,93
SCM/PW 19/2008	Civil Engineering Services for Kwanokuthula Erf 5344	3 345 655,78
SCM/PW 27/2008	Civil Engineering Services for Kwanokuthula Erf 7153/7154	8 947 000,00
SCM/PW 26/2008	Civil Engineering Services for Kwanokuthula Erf 6265	4 140 000,00
SCM/PW 31/2008	Civil Engineering Services for Kranshoek	635 911,29
SCM/PW 32/2008	Upgrading of Civil Infrastructure in Green Valley	957 615,75

4.1.5.3 Water Quality Control

Bitou Municipality continuously strives to provide quality water to its residents. In recognition of outstanding Drinking Water Quality Management Practices the Drinking Water Quality Management Award which is the **Blue Drop** status award was awarded to Bitou Municipality.

Water Purification Works:

Water extracted out of rivers:

Wit River	Groot River	Plesang River	Keurbooms River
24701 kl	14660 kl	135749 kl	596838 kl

Water Purification:

- Plettenberg Bay water purification works distributed: 708411 kl water
- Kurland water purification works distributed: 40682 kl water
- Natures Valley water purification works distributed: 14176 kl water

Sewerage Purification Works:

- The Ganse Vallei sewerage works treated 427360 kl sewerage.
- The effluent complies with the quality guideline set by the Department of Water Affairs.
- Kurland sewerage works treated 22070 kl of sewerage.
- The effluent complies with the quality guideline set by the Dep. Water Affairs.

Sewerage Reticulation:

- 571 sewerage blockages and complaints reported to our department.
- The reaction times were in the set periods and no pollution of water sources takes place.
- 151 new sewer connections installed.
- Preventative maintenance: 75 Sewer Tracks and Lines cleared.

Water Demand - Water Loss Control

2753 meters found and cleaned:

- Zone 1: Natures Valley.
- Zone 2: Kurland
- Zone 3: Wittedrift
- Zone 4: Green Valley
- Zone 5: Keurboom Strand
- Zone 7: Kranshoek

New water connections: 57
Upgraded new water connections: 108 meters
New sewer connections: 55 that included 30 low cost housing units
1 raw water supply system was also upgraded.

4.1.5.4 Building Control

Overview

The building control department is mainly responsible for the enforcement of statutory National Legislation regulating to buildings. It is further to foresee that the relevant Acts and Regulations and SABS/ SANS and other applicable laws are complied with, and also to foresee that municipal buildings are maintained to general accepted standards

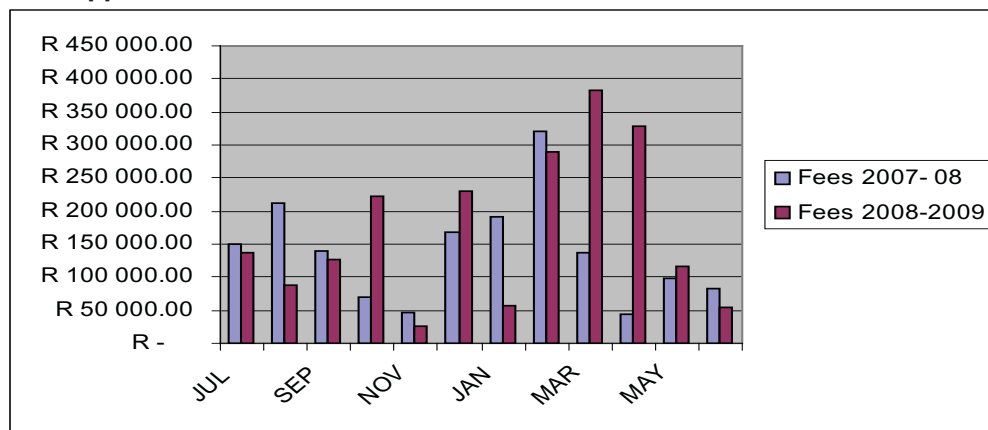
Description of the activity

Recommending building plans for approval within the Greater Bitou Municipal area, concurrently with inspections on new/ additions to buildings as specified in the National Buildings Regulations and Standards Act (Act 103 of 1977).

Month	Fees 2007 - 2008	Fees 2008 - 2009
July	R 149 214.77	R 137 898.73
August	R 212 186.52	R 87 293.95
September	R 139 052.54	R 126 543.41
October	R 70 333.58	R 222 870.80
November	R 46 637.76	R 26 297.60
December	R 168 594.96	R 229 061.64
January	R 191 717.29	R 55 709.10

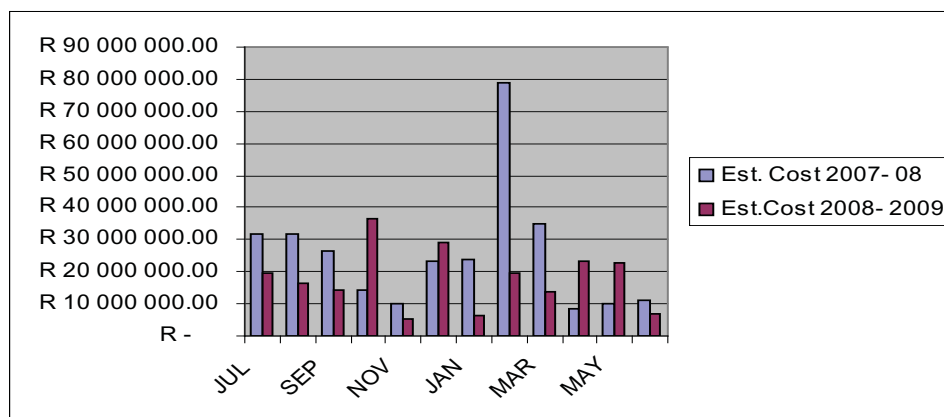
February	R 321 161.91	R 288 686.15
March	R 136 491.93	R 383 802.35
April	R 42 765.76	R 327 342.29
May	R 98 596.79	R 117 016.92
June	R 81 811.73	R 54 237.93
Total	R 1 658 565.54	R 2 056 760.87

Plans approved: Fees 2008/2009



Plans approved: Estimated cost 2008/2009

Month	Est. Cost 2007 - 2008	Est. Cost 2008 - 2009
July	R 31 633 053.00	R 19 790 469.00
August	R 31 643 796.00	R 16 495 130.00
September	R 26 716 161.00	R 14 298 513.00
October	R 14 078 541.00	R 36 789 983.00
November	R 10 064 180.00	R 5 106 711.00
December	R 23 396 158.00	R 28 901 482.00
January	R 23 907 906.00	R 6 120 215.00
February	R 78 621 444.00	R 19 791 172.00
March	R 34 826 580.00	R 13 528 700.00
April	R 8 210 812.00	R 23 220 459.00
May	R 10 008 359.00	R 22 819 456.00
June	R 11 357 942.00	R 6 685 211.00
Total	R 304 464 932.00	R 213 547 501.00



4.1.5.5 Electrical and Mechanical Capital projects

- Replacement of Miniature Sub-Station and Cabling Cutty Sark Area- 99 % complete
- Miniature Sub-Station and Associated Cabling Roche Bonne Avenue – 100% complete
- Miniature Sub-Station and Associated Cabling Hanoi's Drive – 100% complete
- 22 KV underground cables in Piesang Valley (Further Section of 900 metres.)-95%
- Upgrading Miniature Sub-Station Keur-View Keurbooms Strand.
- Cabling for Future Miniature Sub-Station - Natures Valley- 65%
- Street Lighting Marine Way -99.5% complete (Some paving needs to be repaired)
- Undergrounding Overhead Mains Rosheen Crescent Plettenberg Bay.
- Keurbooms-upgrade minisub at Keurview from 200kVA to 500kVA
- Must still put labels on all replaced/ new minisubs, Kiosks and all the new cables.

Upgrading of SS-Brakkloof

- The electrical contractor (CONCO) was appointed on the 5 December 2008 and the contractual completion date is 30 April 2010
- Civil work including fence plinths and cable ducts are 100% complete
- Ordering of equipment is 90% complete
- The final Eskom quotation for the new 66kV feeder bay and metering point at SS-Robberg been received. Eskom will require a cash upfront of approximately R10 million and this has not been budgeted for. This has been indicated to the CFO, Municipal manager and the Executive Mayor.
- Completion of the new 66kV feeder bay at SS-Robberg by Eskom, now expected in October 2010.
- Eskom will not make additional capacity available on the Brakkloof 22kV feeder since the 66/22kV transformer not upgraded before Eskom commissions the new 66kV feeder bay.
- The Final Basic Assessment Report and application was submitted to DEA&T on 1 May 09. Blue Pebble met with representatives from DEA&T and DEA&DP on site on 22 May 2009, who insisted that Heritage Western Cape (HWC) provide comment before DEA&T will issue a decision on the authorization of the line route. Blue Pebble submitted the EIA documentation and motivation to HWC for comment on 4 June 09, after which they have 30 days to comment.

Load Switch Audit

The auditing of the existing load control switches (LCU's) installed previously by the Municipality is ongoing and is being undertaken by Spectrum's Electrical Sub-Contractor, i.e. Messrs Proline Construction. The progress to date in this regard is as follows:

(i) LCU's connected and working	1 051
(ii) LCU's connected but faulty	3
(iii) LCU's disconnected or not installed	412
(iv) No access to property to undertake auditing inspection or address could not be located	534

Total No. of LCU locations surveyed to date: 2000

Electrification of informal/formal houses

- 267 new electrical connections and 139 relocations were made by Proline construction and the contract expired on 30 June 2009
- 127 relocations are expected from July 2009 and quotations were called in for the relocations – expected appointment of the new contractor is 20 June 2009.
- 3 townships received high mast lighting and additional street lights to all wards was installed.
- Electrification of 375 houses in Qolweni/Bossiesgif and 134 in Kwanokuthula is under way
- 6 new electricity supply networks systems were upgraded.
- Upgrading of raw water supply system

4.1.5.6 Roads, Infrastructure and Cleansing

Refuse collections is undertaken in all areas once per week. 1700 additional Wheelie bins was purchased and distributed to all areas with the aim to promote a cleaner town.

An investigation was undertaken which aims at taking an integrated approach to waste management whereby a scoping study was initiated to investigate the possibilities of garden waste processing and the establishment of

a builders rubble site. An application submitted to the Department of Environmental affairs for the closure and rehabilitation of landfill site.

Refuse recycling also promoted and a contractor appointed to manage the programme. In addition, the contractor appoints six (6) subcontractors, 1 per ward. Appointed contractors will perform the following duties:-

To clean all streets, vacant land, sidewalks and storm water channels of all paper bottles, garden waste and other refuse and transport the items to Robberg Landfill Site.

Robberg Landfill Site – Lance Hill t/a Hill & Associates completed the external audit report for 2009. Below please find overall results according to permit condition.

1.	Access	100%
2.	Operational General	96%
3.	Landfill Plant & Equipment	60%
4.	Cover	67%
5.	Aesthetics & Maintenance	80%
6.	Drainage	90%
7.	Controls	89%
8.	Safety	90%
9.	Environmental	80%
10.	Documentation	100%

Overall score for the site is **85, 4%**

14 streets to the value of R2,5 million have been upgraded and tarred and sidewalks to the value of R2,7 million in the township of Kwanokuthula was constructed through the EPWP Programme, whereby 140 temporary jobs was created.

Further job creation initiatives through the Expanded Public Works Programme at a total investment of **R16, 79 million;**

- Stormwater project in Kwano -R500 000
- Parking at MPCC in Kranshoek - R200 000
- Pavement of Piesangriver road – R100 000
- Stormwater improvements – R990 000
- Resealing of Longships drive – R300 000
- Reconstruction of Main Street (Phase 3) – R9,5 million
- Beacon Island Drive Parking - R1,3 million

Repairs and maintenance of 3 proclaimed roads was also undertaken.

Chapter 5

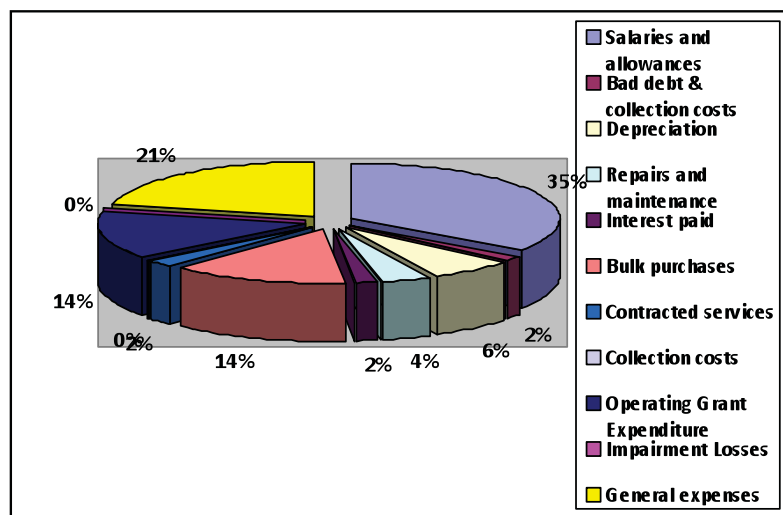


Financial Performance

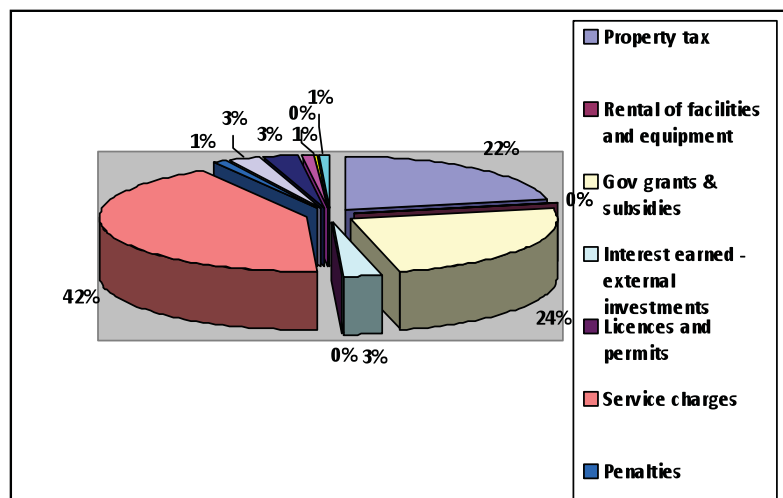
5.1 Operating Results

Year	Revenue				Operating expenditure			
	Budget R'000	Actual R'000	Diff. R'000	%	Budget R'000	Actual R'000	Diff. R'000	%
06/07	139,534	176,561	(37,027)	(26.5)	150,246	140,886	9,360	6.2
07/08	180,873	204,470	(23,597)	(13.1)	168,666	178,116	(9,450)	(5.6)
08/09	241,934	231,977	9,957	4.1	226,578	222,507	10,126	4.5

Total Operating Expenditure 2008/2009



Total Revenue 2008 / 2009

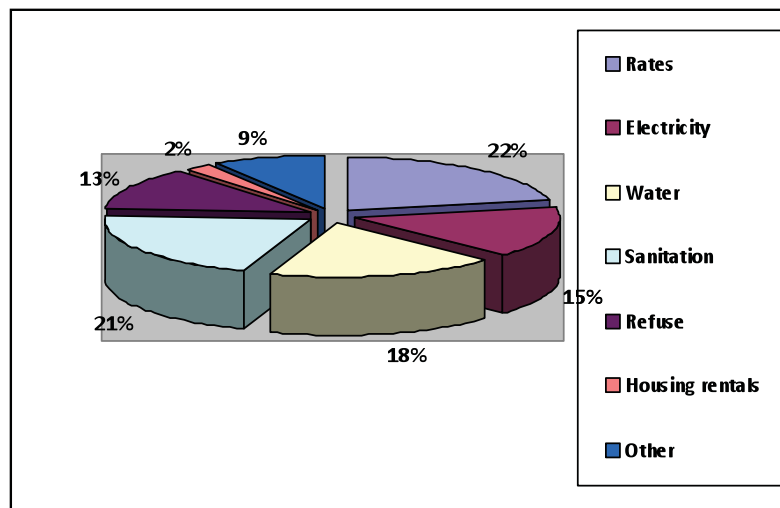


5.2 Outstanding Debtors

Gross outstanding debtors per service and total debtor age analysis as at 30 June 2009

Financial year	Rates	Trading services (Electricity and Water)	Economic services (Sanitation and Refuse)	Housing rentals	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2007/08	6,748	9,979	9,540	542	3,941	30,750
2008/09	8,778	13,284	13,466	806	3,540	39,874
Difference	2,030	3,305	3,926	264	(401)	9,124
% growth year on year	30.1	33.2	41.2	48.7	(10.2)	29.7

Gross outstanding debtors (Excluding provision for bad debt)



Total debtors age analysis

Financial year	Less than 30 days	Between 30-60 days	Between 60-90 days	More than 90 days	Total
	R'000	R'000	R'000	R'000	R'000
2007/08	8,475	1,566	798	19,911	30,750
2008/09	10,356	1,840	1,440	26,238	39,874
Difference	1,881	274	642	6,327	9,124
% growth year on year	22,2	17,5	80,4	31,8	29,7

5.3 Viability indicators

Level of reliance on grants and subsidies

Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2005/06	10,472	140,090	7.5
2006/07	27,446	176,561	15.5
2007/08	43,253	204,470	21.2
2008/09	56,313	231,977	24.3

Liquidity ratio

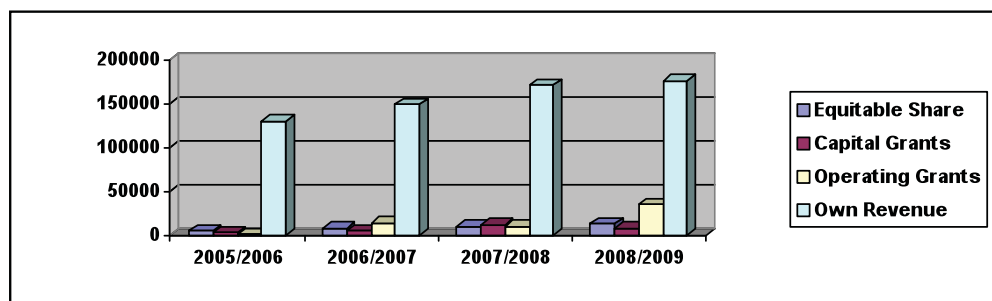
Financial year	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
2005/06	51,853	13,203	3.92:1
2006/07	85,067	35,207	2.41:1
2007/08	81,922	43,494	1.88:1
2008/09	102,686	78,838	1.30:1

5.4 Audit outcomes

Year	2005/06	2006/07	2007/08	2008/09
Status	Qualified	Qualified	Unqualified	Unqualified

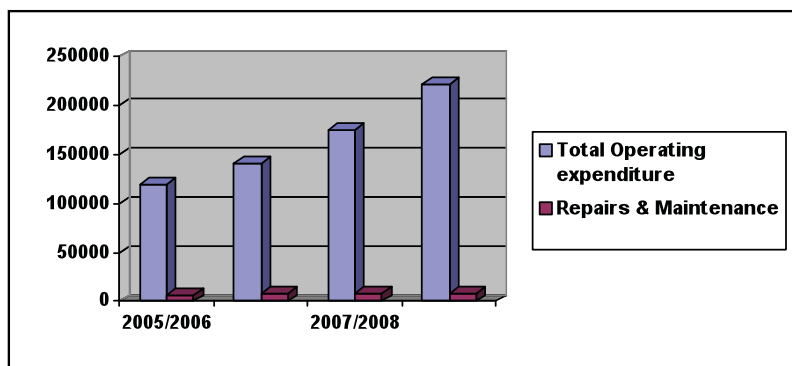
5.5 Equitable share versus total revenue

Description of revenue	Amount received 2005/06	Amount received 2006/07	Amount received 2007/08	Amount received 2008/09
Equitable share	5,733	8,382	9,916	13,176
Capital grants	3,235	5,192	12,944	8,189
Operating grants	1,504	13,872	10,825	34,948
Own revenue	129,619	149,115	170,785	175,664
Total revenue	140,091	176,561	204,470	231,977



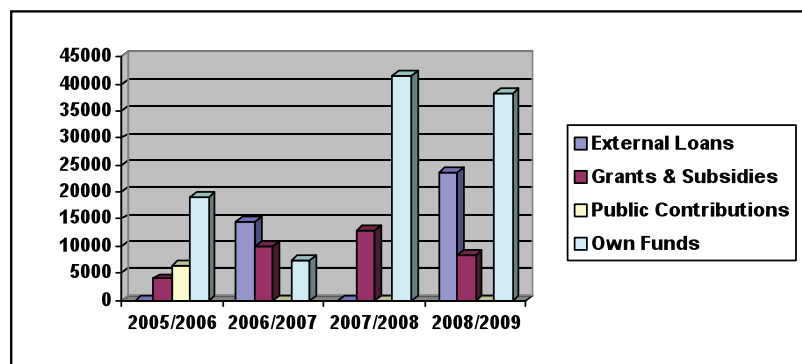
5.6 Repairs and maintenance as percentage of OPEX

	2005/06	2006/07	2007/08	2008/09
Total Operating Expenditure	120,054	140,886	176,177	222,507
Repairs and Maintenance	6,809	7,703	7,647	8,888
% of total OPEX	5.7	5.5	4.3	4.0



5.7 Capital funded by source

Description Source	2005/06	2006/07	2007/08	2008/09
External loans	-	14,553	-	23,561
Grants and subsidies	3,988	9,884	12,944	8,258
Public contributions and donations	6,413	-	-	-
Own funding	19,108	7,336	41,582	38,324
Total capital expenditure	29,509	31,773	54,526	70,143





BITOU MUNICIPALITY

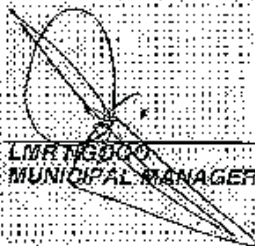
ANNUAL FINANCIAL STATEMENTS

for the year ended

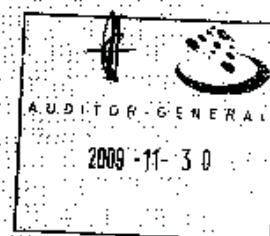
30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 57, in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councilors as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


LMRTNG000
MUNICIPAL MANAGER

30/11/2009
DATE



INDEX	Page
Statement of Financial Position	1
Statement of Financial Performance	2
Statement of Changes in Net Assets	3
Cash Flow Statement	4
Accounting Policy	5 - 22
Notes to the Annual Financial Statements	23 - 49
Appendix A: Schedule of External Loans	50
Appendix B: Analysis of Property, Plant and Equipment	51
Appendix B (2) : Analysis of Property, Plant and Equipment	52
Appendix C: Segmental Analysis of Property, Plant and Equipment	53
Appendix D: Segmental Statement of Financial Performance	54
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	55
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	56
Appendix F: Disclosures of Grants and subsidies in Terms of the Municipal Finance Management Act	57



BITOU MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 June 2009

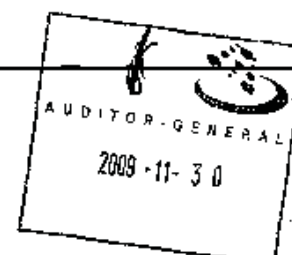
	Note	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net assets		158,828,888	152,496,077
Housing Development Fund	3	1,041,622	1,041,622
Capital Replacement Reserve	4	1,046,719	17,115,006
Accumulated Surplus		156,540,546	134,339,449
Non-current liabilities		90,107,671	58,455,849
Long-term Liabilities	6	62,785,031	32,942,491
Non-current Employee Benefits	8	27,322,640	25,513,358
Current liabilities		79,450,951	43,494,324
Consumer deposits	7	3,652,301	3,490,877
Employee benefits	9	7,245,471	4,870,663
Trade and other payables	10	20,407,048	13,010,014
Unspent Conditional Government Grants and Receipts	11	44,142,197	18,914,722
Cash and Cash Equivalents	22	-	381,172
Current Portion of Long-term Liabilities	6	4,003,935	2,826,875
Total Net Assets and Liabilities		328,187,510	254,446,250
ASSETS			
Non-current assets		227,637,225	171,361,831
Property, plant and equipment	12	220,210,597	167,208,634
Intangible Assets	13	3,511,810	68,380
Investments	16	3,385,952	3,064,305
Long-term receivables	17	548,867	1,020,511
Current assets		100,550,284	83,084,419
Inventory	18	3,798,199	5,436,569
Trade Receivables from exchange transactions	19	13,140,605	9,870,255
Other Receivables from non-exchange transactions	20	5,097,250	5,033,386
Unpaid Conditional Government Grants and Receipts	20	10,970,185	1,847,058
Operating Lease Asset	42	15,908	14,399
Taxes	21	9,203,787	3,460,798
Current Portion of Long-term Receivables	17	191,058	297,231
Cash and Cash Equivalents	22	57,833,292	57,124,723
Total Assets		328,187,510	254,446,250



BITOU MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2009

	Note	2009 R	2008 R
REVENUE			
Revenue from Non-exchange Transactions		116,302,456	100,135,101
Taxation Revenue		50,060,276	47,169,774
Property rates	23	50,060,276	47,169,774
Transfer Revenue		68,090,646	47,532,980
Government Grants and Subsidies	27	56,312,688	43,253,251
Public Contributions and Donations		1,776,058	4,279,729
Other Revenue		8,151,536	5,432,347
Fines		5,610,778	5,432,347
Third party payments		471,158	-
Actuarial Gains		2,069,600	-
Revenue from Exchange Transactions		115,081,764	104,334,550
Property Rates - penalties imposed	24	2,730,943	2,123,630
Service Charges	25	98,396,711	86,230,037
Rental of Facilities and Equipment	26	815,362	670,477
Interest Earned - external investments	24	6,614,658	8,472,289
Licences and Permits		76,281	26,341
Other Income	28	6,427,804	6,811,776
Total Revenue		231,384,220	204,468,651
EXPENDITURE			
Employee related costs	29	74,288,920	56,484,365
Remuneration of Councillors	30	2,776,599	2,079,949
Debt Impairment	31	7,745,499	4,345,850
Collection costs		716,179	166,191
Depreciation and Amortisation	32	13,697,588	11,604,816
Impairments: Inventory	18	48,248	-
Repairs and Maintenance		8,887,914	7,646,726
Actuarial losses		-	2,458,435
Finance Charges	33	3,627,602	3,850,197
Bulk Purchases	34	30,254,422	21,844,461
Contracted services		4,672,054	3,359,731
Grants and Subsidies Paid	35	-	19,038,293
Other Operating Grant Expenditure		31,572,931	-
General Expenses	36	47,599,601	41,543,524
Total Expenditure		225,887,557	174,422,547
OPERATING SURPLUS FOR THE YEAR		5,476,664	30,047,104
Gain on disposal of Property, Plant and Equipment		656,147	-
NET SURPLUS FOR THE YEAR		6,132,810	30,047,104
Refer to Appendix E (1) for explanation of variances			



BITOU MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2009

	Note	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total R
2008					
Balance at 1 July 2007		-	-	130,430,589	130,430,589
Change in accounting policy - Note 37	37	1,041,522	17,115,006	(25,745,708)	(7,589,080)
Correction of Error - Note 38	38	-	-	(392,536)	(392,536)
Restated balance		1,041,522	17,115,006	104,292,345	122,448,973
Surplus for the year		-	-	30,047,104	30,047,104
Balance at 30 June 2008		1,041,522	17,115,006	134,339,449	152,496,077
Restated Balance at 30 June 2008		1,041,522	17,115,006	134,339,449	152,496,077
2009					
Surplus for the year		-	-	6,132,810	6,132,810
PPE purchased		-	(38,068,287)	38,068,287	-
Contribution to CRR		-	22,000,000	(22,000,000)	-
Balance at 30 June 2009		1,041,522	1,046,719	166,540,545	158,628,888



BITOU MUNICIPALITY**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2009**

	Note	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		200,140,597	204,952,320
Cash paid to suppliers and employees		(164,008,270)	(155,880,578)
Cash generated from operations	39	36,132,327	49,081,742
Interest received		6,614,658	8,472,289
Interest paid		(3,627,602)	(3,835,926)
NET CASH FLOW FROM OPERATING ACTIVITIES		39,119,383	53,718,104
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(57,734,839)	(54,526,148)
Purchase of intangible assets		(3,621,461)	-
Proceeds on disposal of property, plant and equipment		656,147	-
Purchase of property, plant and equipment- (Work in Progress)		(8,786,632)	-
(Increase)/decrease in non- current receivables	17	577,816	678,582
(Increase)/decrease in non-current investments		(301,647)	(263,745)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(69,210,665)	(54,111,312)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		31,019,800	(2,916,873)
Increase/(decrease) in consumer deposits		161,424	117,943
NET CASH FLOWS FROM FINANCING ACTIVITIES		31,181,024	(2,798,929)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,089,741	(3,192,137)
		1,089,741	(3,192,137)
Cash and cash equivalents at the beginning of the year		56,743,551	59,935,888
Cash and cash equivalents at the end of the year		57,833,292	56,743,551



ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE FINANCIAL STATEMENTS

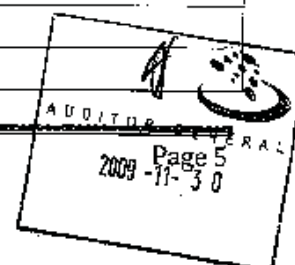
1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 "Determining the GRAP Reporting Framework", issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosures
IFRS 3 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC 144)	Financial Instruments: Disclosures
IAS 12 (AC 102)	Income Taxes



BITOU MUNICIPALITY

IAS 19 (AC 116)	Employee Benefits
IAS 32 (AC 125)	Financial Instruments: Presentation
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement
SIC -21 (AC 421)	Income Taxes – Recovery of Revalued Non- Depreciable Assets
SIC -25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC -29 (AC 429)	Service Concession Arrangements – Disclosures
IFRIC 2 (AC 435)	Members' Shares in Co – Operative Entities and Similar Instruments
IFRIC 4 (AC 437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC 442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 13 (AC 446)	Customer loyalty Programmes
IFRIC 14 (AC 447) IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC 448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC 449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practice Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

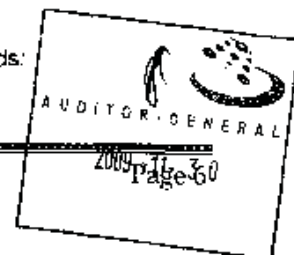
In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories;
GRAP 13 – Leases;
GRAP 16 – Investment Property;
GRAP 17 – Property, Plant and Equipment;
GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets;
GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations;
GRAP 102 – Intangible Assets.

The Municipality has elected to early-adopt the following GRAP Standards:

GRAP 23 – Revenue from Non-Exchange Transactions

Accounting Policy – 2009



BITOU MUNICIPALITY

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements are prepared on the basis that the municipality will remain a going concern basis.

1.4. COMPARATIVE INFORMATION

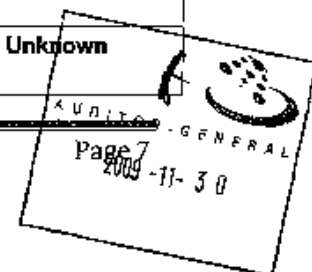
Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

Standard	Description	Effective Date
GRAP 18	Segment Reporting Information to a large extent is already included in Appendix D of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.	Unknown
GRAP 21	Impairment of non-cash-generating assets The municipality complies with IPSAS 21 which forms part of the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.	Unknown
GRAP 24	Presentation of Budget Information in Financial Statements Information to a large extent is already included in Appendix E(1) and E(2) of the annual financial statements. When the Standard becomes effective the information will form part of the audited financial statements.	Unknown
GRAP 26	Impairment of cash-generating assets The municipality complies with IAS 36 which forms part of	Unknown



BITOU MUNICIPALITY

	the GRAP Framework in terms of Directive 5. Minimal adjustments will be required to the financial statements.	
GRAP 103	Heritage Assets No adjustments will necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.	Unknown

1.6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.7. RESERVES

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

1.7.2 Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.8. LEASES

1.8.1 Municipality as Lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. The classification of the lease is determined using GRAP 13 Leases.

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement,

BITOU MUNICIPALITY

discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.9. UNSPENT CONDITIONAL GRANTS

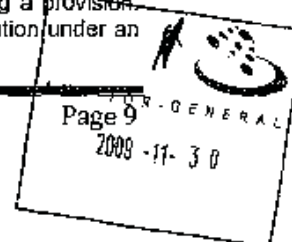
Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

1.10. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.



BITOU MUNICIPALITY

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.11. EMPLOYEE BENEFITS

(a) Pension obligations

The municipality contributes to the following post retirement funds - Cape Joint Pension fund, Cape Joint Retirement fund and SAMWU Retirement fund which provides for retirement benefits to its employees.

For defined contribution plans, the municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

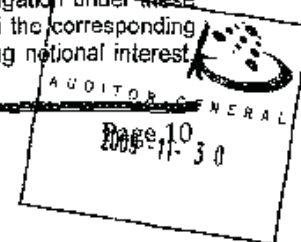
(b) Post Retirement Medical obligations

The municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest.



BITOU MUNICIPALITY

resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

(d) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.12. PROPERTY, PLANT AND EQUIPMENT

1.12.1 *Initial Recognition*

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

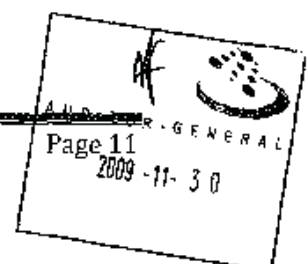
Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of

1.12.2 *Subsequent Measurement – Cost Model*

Property, plant and equipment is stated at cost, less accumulated depreciation, less **any accumulated** impairment in value. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.12.3 *Depreciation and Impairment*



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Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	10-25	Buildings	30
Pedestrian Malls	20	Specialist vehicles	10-20
Electricity	15-30	Other vehicles	3-6
Water	15-20	Office equipment	5-10
Sewerage	15-20	Furniture and fittings	5-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and Equipment	5-15
Buildings	30	Other plant and Equipment	2-5
Recreational Facilities	15-20	Landfill sites	20
Security	3-5	Quarries	25
Halls	30	Emergency equipment	5-15
Libraries	30	Computer equipment	5
Parks and gardens	15-20		
Other assets	10-30		
<u>Heritage Assets and Land</u>			
Heritage Assets	50-Infinite		
Land	Infinite		
<u>Finance lease assets</u>			
Office equipment	3-5		
Other assets	5-6		

1.12.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

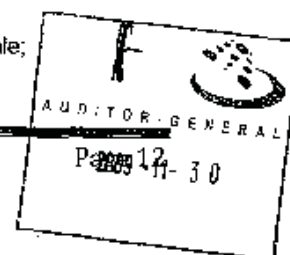
1.13. INTANGIBLE ASSETS

1.13.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and



BITOU MUNICIPALITY

- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.13.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Valuation Roll	4

1.13.4 De-recognition

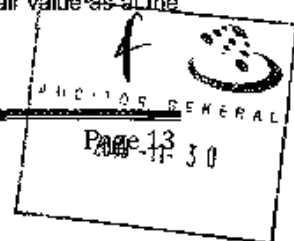
Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. INVESTMENT PROPERTY

1.14.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.



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Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.14.2 Subsequent Measurement – Cost Model

Investment property is measured using the cost model. Under the cost model, investment property is carried at its cost at the reporting date.

1.14.3 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.15. NON-CURRENT ASSETS HELD FOR SALE

1.15.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.15.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.16. IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a

BITOU MUNICIPALITY

pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

1.17. INVENTORIES

1.17.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.17.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

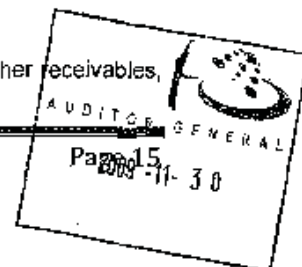
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.18. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.



1.18.1 Initial Recognition

Financial instruments are initially recognised at fair value.

1.18.2 Subsequent Measurement

The *amortised cost of a financial asset or financial liability* is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The *effective interest method* is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

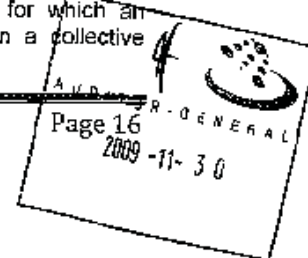
Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.18.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

1.18.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.



If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.18.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.18.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.18.3 De-recognition of Financial Instruments

1.18.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

BITOU MUNICIPALITY

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.18.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.18.4 Offsetting of Financial Instruments

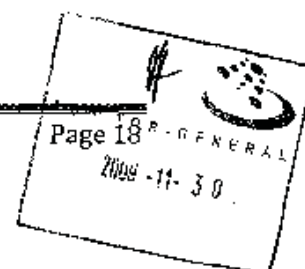
Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18.5 Impairment of Financial Assets

The Municipality assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1.19. REVENUE

1.19.1 Revenue from Non-Exchange Transactions



BITOU MUNICIPALITY

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

1.19.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

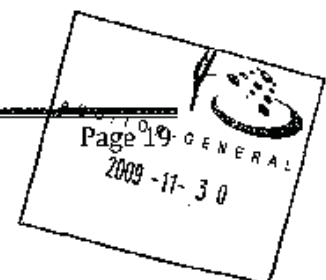
Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on an annual basis in advance by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied annually or monthly by choice of the user.

Interest revenue is recognised using the effective interest rate method.



BITOU MUNICIPALITY

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

1.19.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.20. OTHER INCOME – RECOVERY OF UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

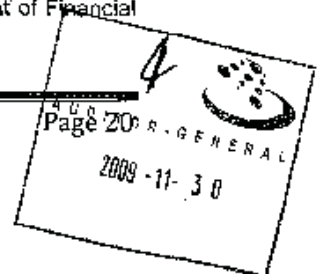
Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.21. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.22. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.



1.23. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.25. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements.

1.26. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

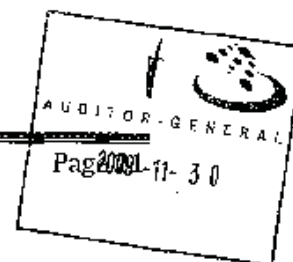
Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment



BITOU MUNICIPALITY

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1.27. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

1 GENERAL INFORMATION

Bitou municipality is a local government institution (Town) in the Western Cape. The relevant information regarding its registered office is as follows:

Physical address: 1 Sewel Street
Plattenberg Bay
6600

Postal address: Private Bag X1002
Plattenberg Bay
6600

Tel: (044) 501 3000
Fax: (044) 535 3485

2 NETT ASSET RESERVES

Accumulated Surplus

Balance previously reported

Change in accounting policy - Note 37

Correction of error - Note 38

Transferred to reserves:

Housing development fund

Capital replacement reserve

Surplus for the year

Restated Accumulated Surplus

2009
R

2008
R

	-	130,430,589
	-	(7,589,080)
	-	(392,836)
	-	(10,156,628)
	-	(1,041,822)
	-	(17,115,006)
	-	30,047,104
	<u>-</u>	<u>134,338,449</u>

3 HOUSING DEVELOPMENT FUND

Balance previously reported

Change in accounting policy - Note 37.1

Balance 30 June

	-	-
	-	1,041,822
	<u>1,041,822</u>	<u>1,041,822</u>

The Housing Development Fund contain all proceeds from housing developments, which include rental income and sales of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing. The balance of the Housing Development Fund is represented by receivables.

4 Capital Replacement Reserve

Change in accounting policy - Note 37.2

Balance 30 June

	-	17,115,006
	<u>1,046,719</u>	<u>-</u>
	<u>1,046,719</u>	<u>17,115,006</u>

The Capital Replacement Reserve is a reserve to finance future capital expenditure.

5 DEFERRED REVENUE

Balance at beginning of year

Additions during year

Sub-total

Less: Transfer to Income

Balance Previously Reported

Less: Change in Accounting Policy - Transfer to Accumulated Surplus - Note 37.3

Less: Transfer to Surplus for the year

Balance at end of year

	-	34,937,239
	-	12,943,065
	-	<u>47,880,305</u>
	-	(3,375,447)
	-	<u>44,505,457</u>
	-	(34,937,239)
	-	<u>(9,536,218)</u>

Deferred Revenue was transferred to the accumulated surplus due to IAS 20 never been applicable.

6 LONG-TERM LIABILITIES

Annuity Loans

Balance 30 June

Capitalised Lease Liability

Hire Purchase

Sub-total

Less: Current portion transferred to current liabilities

Annuity Loans

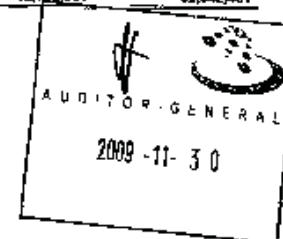
Capitalised Lease Liability

Hire Purchase Agreement

Total External Loans

Change in accounting policy - Note 37.4

	60,266,874	35,280,845
	<u>629,092</u>	<u>470,721</u>
	<u>331,335</u>	<u>140,866</u>
	<u>197,754</u>	<u>289,855</u>
	<u>68,785,056</u>	<u>35,769,386</u>
	<u>4,003,935</u>	<u>2,826,876</u>
	<u>3,737,820</u>	<u>2,673,272</u>
	<u>159,579</u>	<u>51,502</u>
	<u>106,536</u>	<u>52,001</u>
	<u>62,785,031</u>	<u>32,942,481</u>



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Development Bank Loans

Various structured loans taken up with DBSA with an original value totalling R79.5m. One of these loans has a repayment period of 10 years maturing on 30/06/2017 paid with equal instalments. All other loans are paid 5 monthly on a "Fixed capital plus interest" basis over a 20 year period each with a maturity date ranging from 31/12/2019 - 31/12/2029 respectively. Interest rates applicable vary from 9% to 12%.

INCA Loans

INCA loans have been redeemed

Fixed Deposits on R3,355,892 (2008: R3,054,305) have been ring-fenced for the purposes of repaying Long-term Liabilities as set out in Note 18.

The fair value of Long Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix A for more detail on long term liabilities.

The obligations under finance leases are scheduled below:

Amounts payable under finance lease agreement:

Payable within one year
 Payable within two to five years
 Payable after five years

Less: Future finance obligations
Present value of lease obligations

The leases are secured by the relevant photocopy machines. Repayment terms vary between 10% and 15 % and are repayable over a period of 3 and 5 years.

2009
R

2008
R

**Minimum
lease payments**

155,579	51,902
238,282	170,343
-	-
397,841	231,846
(65,503)	(53,990)
331,338	180,856

The obligations under Hire Purchase agreement is scheduled below:

Amounts payable under Hire Purchase Agreement:

Payable within one year
 Payable within two to five years
 Payable after five years

Less: Future finance obligations
Present value of hire purchase obligations

The hire purchase is secured by the mayoral vehicle. Repayment term is prime less 1.75% and is repayable over a period of 5 years.

**Minimum
hire purchase payments**

119,573	124,405
98,577	215,150
-	-
219,150	343,554
(21,395)	(53,899)
197,754	289,656

7

CONSUMER DEPOSITS

Electricity and Water

Total Consumer Deposits

Guarantees held in lieu of Electricity and Water Deposits

Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

No interest is paid on consumer deposits held.

Management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

8

NON CURRENT EMPLOYEE BENEFITS

Post Retirement Medical Benefits
 Long Service Awards

Total Non-current Employee Benefits

Exemptions taken for provisions according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipality - Note 56.1

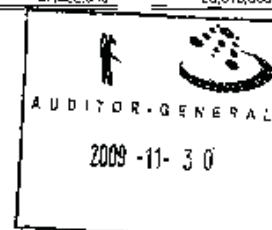
Measurement of the rehabilitation of landfill sites in accordance with GRAP 19 & D.

26,109,960
 2,212,980

22,726,483
 2,787,576

27,322,940

25,513,358



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Post retirement medical benefits - Reconciliation of present value of fund obligations:		
Balance 1 July	23,244,365	-
Change in accounting policy - Note 37.5	-	18,873,962
Contribution for the year	4,267,466	2,643,366
Expenditure for the year	(519,483)	(845,036)
Actuarial (Gain)/ Loss	(349,663)	2,267,711
Total provision 30 June	25,843,316	23,244,965
Less: Transfer of Current Portion to Current Employee Benefits - Note 9	(733,692)	(519,483)
Balance 30 June	25,109,680	22,725,483

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 15b (a).

Long Service Awards - Reconciliation of present value of fund obligations:

Balance 1 July	3,012,626	-
Change in accounting policy - Note 37.6	-	2,546,505
Contribution for the year	764,366	578,859
Expenditure for the year	(225,012)	(308,800)
Actuarial Loss/(Gain)	(1,139,847)	90,724
Total provision 30 June	2,412,267	3,012,888
Less: Transfer of Current Portion to Current Employee Benefits - Note 9	(219,317)	(225,012)
Balance 30 June	2,212,980	2,787,876

Employee Benefits: Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	359	340
Continuation members (e.g. Retirees, widows, orphans)	27	26
Total Members	385	366

The liability in respect of past service has been estimated to be as follows:

In-service members	15,703,567	14,865,629
Continuation members	9,139,729	8,359,336
Total Liability	25,843,316	23,244,965

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Hedemad
LA Health
Key Health, and
S&M/WU Medical Aid

The Current-service cost for the ensuing year is estimated to be R 1,813,965 whereas the interest cost for the next year is estimated to be R 2,453,521

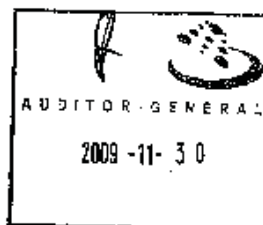
Key actuarial assumptions used

i)	Rate of Interest		
	Discount rate	9.01%	10.71%
	Health Care Cost Inflation Rate	7.74%	9.59%
	Net Effective Discount Rate	1.20%	1.02%
ii)	Mortality rates		
	The PA 00 ultimate table, rated down by 1 year of age was used by the actuaries.		
iii)	Normal retirement age		
	The normal retirement age for employees of the municipality is 63 years for males and 58 years for females.		

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	25,843,316	23,244,965
Fair value of plan assets	-	-
Net liability	25,843,316	23,244,965

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 15b (a).



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	23,244,965	18,673,962
Total expenses	3,990,694	2,033,272
Current service cost	1,613,965	1,121,597
Interest Cost	2,453,521	1,526,671
Benefits Paid	(677,892)	(845,095)
Actuarial (gains)/losses	(791,243)	2,357,711
Present value of fund obligation at the end of the year	25,843,316	23,244,965
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Effect on the aggregate of the current service cost and interest cost components	22%	22%
Effect on the defined benefit obligation	-17%	-17%

Employee Benefits: Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 354 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R 451 869.

Key actuarial assumptions used:

1)	Rate of Interest		
	Discount rate	9.18%	10.86%
	General Salary Inflation (long-term)	6.54%	9.04%
	Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.47%	1.78%

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	2,432,297	5,012,868
Fair value of plan assets		
Net liability	2,432,297	5,012,868

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	5,012,868	2,646,906
Total expenses	(430,952)	275,259
Current service cost	451,869	298,321
Interest Cost	312,499	210,558
Benefits Paid	(232,904)	(303,000)
Effect of Curtailment/Settlement	(862,395)	-
Actuarial (gains)/losses	(142,620)	93,724
Present value of fund obligation at the end of the year	2,432,297	5,012,868

The effect of a 1% movement in the assumed rate of salary inflation is as follows:

Effect on the aggregate of general salary inflation	8.00%	8.00%
Effect on the defined benefit obligation	-7.00%	-7.00%

CAPE JOINT PENSION FUND

This fund comprises a defined benefit section and a defined contribution section. The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R182,733 (R 200,208) million with a funding level of 105,5% (107,1%), and was in a sound financial state as at 30 June 2008.

CAPE JOINT RETIREMENT FUND

This fund comprises a defined benefit section and a defined contribution section. The contribution was paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined contribution section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R12,032 (R 23,222) million with a funding level of 103,3% (105,5%) and is in a sound financial position as at 30 June 2008.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members is 13,75% and council is 15%. The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

EMPLOYEE BENEFITS

Balance previously reported

Staff leave previously reported as Trade payables - Note 10

Staff leave

Bonuses

Current portion of non-current Employee Benefits

Current portion of post retirement benefit - Note 8

Current portion of long service provision - Note 8

Total Employee Benefits

Current portion - Employee Benefits

Post Retirement Benefits

Balance at beginning of year

Change in Accounting Policy - Note 37

Adjustment from non-current

Balance at end of year

Long Service Awards

Balance at beginning of year

Change in Accounting Policy - Note 37

Transfer from non-current

Balance at end of year

Staff Leave Recognition

Balance at beginning of year

Change in Accounting Policy - Note 37.5

Change in Accounting Policy - Contribution during the year - Note 37.6

Paid out during the year

Balance at end of year

Staff Bonuses Recognition

Balance at beginning of year

Prior year adjustment Note 38

Contribution during the year

Expenditure incurred

Balance at end of year

Performance Bonuses

Balance at beginning of year

Contributions to provision

Balance at end of year

TOTAL - CURRENT EMPLOYEE BENEFITS

Balance at beginning of year

Transfer from non-current

Prior year adjustment - Note 10

Contributions to provision

Expenditure incurred

Balance at end of year

TRADE AND OTHER PAYABLES

Trade and other payables

Payments received in advance

Staff leave

Staff leave transferred to Employee Benefits - Note 9

Other creditors

Total Trade Payables

	2009 R	2008 R
Balance previously reported	-	-
Staff leave previously reported as Trade payables - Note 10	-	2,646,469
Staff leave	3,491,524	-
Bonuses	2,815,974	1,479,896
Current portion of non-current Employee Benefits	952,973	744,435
Current portion of post retirement benefit - Note 8	739,858	519,483
Current portion of long service provision - Note 8	213,347	225,012
Total Employee Benefits	7,245,471	4,870,693
<u>Current portion - Employee Benefits</u>		
<u>Post Retirement Benefits</u>		
Balance at beginning of year	519,483	-
Change in Accounting Policy - Note 37	-	645,096
Adjustment from non-current	214,174	(125,511)
Balance at end of year	<u>733,656</u>	<u>519,483</u>
<u>Long Service Awards</u>		
Balance at beginning of year	225,012	-
Change in Accounting Policy - Note 37	-	503,600
Transfer from non-current	(5,695)	(79,598)
Balance at end of year	<u>219,317</u>	<u>225,012</u>
<u>Staff Leave Recognition</u>		
Balance at beginning of year	2,615,469	-
Change in Accounting Policy - Note 37.5	-	1,556,585
Change in Accounting Policy - Contribution during the year - Note 37.6	1,515,008	1,050,084
Paid out during the year	(679,916)	-
Balance at end of year	<u>3,481,524</u>	<u>2,646,469</u>
<u>Staff Bonuses Recognition</u>		
Balance at beginning of year	1,091,926	-
Prior year adjustment Note 38	-	-
Contribution during the year	408,384	1,091,926
Expenditure incurred	-	-
Balance at end of year	<u>1,491,280</u>	<u>1,091,926</u>
<u>Performance Bonuses</u>		
Balance at beginning of year	387,773	-
Contributions to provision	821,911	387,773
Balance at end of year	<u>1,209,684</u>	<u>387,773</u>
<u>TOTAL - CURRENT EMPLOYEE BENEFITS</u>		
Balance at beginning of year	4,870,693	-
Transfer from non-current	206,478	744,435
Prior year adjustment - Note 10	-	1,506,385
Contributions to provision	2,849,277	2,529,788
Expenditure incurred	(679,948)	-
Balance at end of year	<u>7,245,471</u>	<u>4,870,693</u>
TRADE AND OTHER PAYABLES		
Trade and other payables	13,319,509	7,079,404
Payments received in advance	3,243,530	1,428,085
Staff leave	-	2,646,469
Staff leave transferred to Employee Benefits - Note 9	-	(2,646,469)
Other creditors	3,544,000	4,504,545
Total Trade Payables	<u>20,107,048</u>	<u>13,010,014</u>

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframes.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Other creditors mainly comprise deposits received towards services to be rendered to the municipality and unallocated banking deposits made on the municipality's banking accounts. No interest is raised and the credits held by the municipality are refunded once the services have been rendered or applied to the service account once the origin of the credit has been established.

Management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

11 Unspent Conditional Government Grants and Receipts

11.1 Unspent Conditional Grants by other spheres of Government

Ino. Kurland Project Link
 Basstasgiff / Oshweni Housing
 Ino. Kwaro Housing Phase 4
 Ino. Electrification
 Revitalise Urban Areas
 Socio Economic Upgrade
 Emergency Housing
 Ino. LED MMC Kurland
 Traffic Disaster Fund
 Financial Support Grant
 Spatial Planning Grant
 Grant: Mun. Revenue Enhance
 Social Responsibility
 Flood Relief
 Unsubsidised Youth Fund
 Recharge Groundwater / Boreholes

2009
R

2008
R

44,142,197

18,914,722

	2,631,994
4,443,729	-
-	129,000
50,000	50,000
50,000	50,000
2,923,803	3,542,505
13,815	17,791
792	782
-	612,858
84,200	84,200
-	203,294
762,352	762,762
27,708,420	-
22,255	-
3,630,000	5,809,035

Total Conditional Grants and Receipts

44,142,197

18,914,722

See Note 27 for reconciliation of grants by other spheres of government.

Refer to Appendix "F" for more detail on Conditional Grants.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2009

12. PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Leased Assets	Total
	R	R	R	R	R	R
Carrying values at 1 July 2008	17,755,686	144,078,550	1,717,347	3,489,032	188,018	167,208,633
Cost	39,051,905	228,558,763	3,700,745	12,955,949	271,148	284,538,511
Accumulated depreciation	21,296,219	84,480,214	1,983,397	9,466,917	103,131	117,329,878
- Cost	21,296,219	84,480,214	1,983,397	9,466,917	103,131	117,329,878
Acquisitions	8,785,235	47,829,546	290,167	2,593,796	258,095	57,734,839
Capital under Construction	193,560	8,593,122	-	-	-	8,786,682
Depreciation	1,213,298	11,089,764	106,231	986,997	123,256	13,519,557
- based on cost	1,213,298	11,089,764	106,231	986,997	123,256	13,519,557
Carrying value of disposals	-	-	-	-	-	-
Cost/valuation	-	-	-	297,300	-	297,300
Accumulated depreciation	-	-	-	297,300	-	297,300
Carrying values at 30 June 2008	23,501,162	169,411,463	1,901,283	5,096,831	300,847	220,210,587
Cost	46,010,700	284,981,451	3,990,912	15,252,445	527,244	350,762,732
Accumulated depreciation	22,509,518	95,569,978	2,089,629	10,156,614	226,397	130,552,135
- Cost	22,509,518	95,569,978	2,089,629	10,156,614	226,397	130,552,135

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Leased Assets	Total
	R	R	R	R	R	R
Carrying values at 1 July 2007	8,942,998	106,689,395	5,820,224	14,176,298	138,934	136,685,848
Cost	45,954,299	181,563,538	14,354,041	35,124,378	136,934	277,033,189
Correction of error	(11,937,298)	-	(10,882,300)	(20,948,080)	-	(43,767,678)
Accumulated depreciation	20,542,510	74,974,143	1,564,936	11,713,676	88,105	108,861,271
- Cost	23,974,003	74,974,143	8,533,817	25,557,840	88,105	133,105,908
- Correction of error	(3,431,493)	-	(6,968,881)	(13,844,264)	-	(24,244,638)
Acquisitions	5,210,969	46,990,225	432,479	1,867,475	271,149	54,787,297
Depreciation	771,468	9,506,070	447,842	799,282	37,026	11,561,478
- based on cost	771,468	9,506,070	447,842	799,282	37,026	11,561,478
Carrying value of disposals	68,317	-	174,294	61,881	-	204,492
Cost/valuation	78,065	-	203,475	3,151,824	-	3,431,364
Accumulated depreciation	17,748	-	29,181	3,089,943	-	3,136,872
Carrying values at 30 June 2008	17,755,686	144,078,550	1,717,347	3,489,033	188,018	167,208,634
Cost	39,051,905	228,558,763	3,700,745	12,911,948	271,149	284,484,511
Accumulated depreciation	21,296,219	84,480,214	1,983,397	9,422,915	103,131	117,285,876
- Cost	21,296,219	84,480,214	1,983,397	9,422,915	103,131	117,285,876

No restrictions apply to any of the assets held by the municipality.

Refer to Appendices R, C and E (2) for more detail on property, plant and equipment, including those in the course of construction.

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009.

The municipality did not recognise and measure all the Property, Plant and Equipment in accordance with the standard, including but not limited to the Land:

- Componentised buildings;
- Componentised infrastructure assets;
- Property, Plant and Equipment financed by way of a provision such as Landfill Site Rehabilitation Costs; and
- Other property, plant and equipment

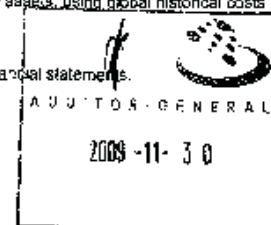
The municipality is in the process of identifying all Property, Plant and Equipment for purposes of recognition in terms of GRAP 17 and is in the process of measuring all Property, Plant and Equipment in terms of GRAP 17. It is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure assets, buildings and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure assets, buildings and community assets, using global historical costs recorded in the accounting records.

In accordance with the transitional provision as contained in Directive 4, the municipality did not:

- Recognise each item of PPE for which risks and rewards of ownership has passed to the municipality in the annual financial statements.
- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

Impairment of assets

Assets with a carrying value of R 14,3 million as at 1 July 2007 was written off. The description in the asset register could not be linked to specific assets. The existence of these assets will be investigated during the 2009/10 financial year.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

13 INTANGIBLE ASSETS

At cost less accumulated amortisation and accumulated impairment losses

Carrying values at the beginning of the year

	2009 R	2008 R
Cost	48,390	119,407
Accumulated Amortisation	739,115	767,337
Accumulated Impairment	(569,734)	(637,930)
Acquisitions and disposals:	3,321,421	-
At Cost	-	(7,629)
At Accumulated Amortisation	-	(19,223)
Work in progress	-	11,034
Amortisation	(179,132)	(48,338)

Carrying value at the end of the year

Cost	3,511,510	68,390
Accumulated Amortisation	4,359,378	738,115
Accumulated Impairment	(847,765)	(659,734)

The amortisation expense has been included in the line item Depreciation and Amortisation in the Statement of Financial Performance - see Note 32

All of the municipality's intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to the intangible assets.

Refer to Appendix "B(2)" for more detail on intangible assets.

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low capacity municipalities - Note 55

14 NON CURRENT ASSETS HELD FOR SALE

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low capacity municipalities - Note 55

15 INVESTMENT PROPERTY

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low capacity municipalities - Note 55

16 INVESTMENTS

Financial Instruments
Fixed Deposits

Total Cash Investments

Total Investments

4,365,952	3,054,305
3,965,952	3,054,305
3,965,952	3,054,305

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest at an average rate of 3.42 % per annum.

Fixed Deposits of R3,956,952 (2008: R3,054,305) are ring-fenced for the purposes of repaying Long term Liabilities as set out in Note 6

The fair value of investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

17 LONG-TERM RECEIVABLES

Housing loans to staff
Car loans
Housing selling scheme loans

Less : Provision for impairment

Less : Current portion transferred to current receivables

Housing loans to staff
Car loans
Housing selling scheme loans

Total Long-term Receivables

117,577	508,554
50,859	249,543
534,109	481,634
739,925	1,317,741
161,083	297,231
24,407	39,189
84,784	159,441
91,987	26,210
543,667	1,020,911

HOUSING LOANS TO STAFF

Prior to the coming into effect of the provisions of section 184(1)(c) of the MFMA (Act 95 of 2002) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a house. The houses should be occupied by the staff member and should be the primary home of the staff member. The repayment period of these loans and the applicable interest rate is a maximum of 20 years and eight percent per annum, respectively.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

CAR LOANS

Prior to the coming into effect of the provisions of section 184(1)(c) of the MFMA (Act 56 of 2004) on 1 July 2004, loans were granted to qualifying senior staff members to enable them to acquire a minor vehicle. The vehicle must be made available daily by the staff member for his use in the carrying out of his official duties. The repayment period of these loans and the applicable interest rate is a maximum of six years and eight percent per annum, respectively.

18

INVENTORY

Consumable stores - at cost
Total Inventory

2009 R	2008 R
3,793,199	5,436,589
3,793,199	5,436,589

The cost of inventories recognised as an expense during the period, for both continuing and discontinuing operations was R8.85 million (2008: R7 million).

The water inventory in the reservoirs and pipelines amounted to 18.6 megalitres at 30 June 2009. The monetary value of the water inventory was not determined as we have utilised the transitional provision for Medium and Low capacity municipalities- No. 58.

Inventory to the value of R 48,248 (2008: R0) was impaired.

48,248	-
48,248	-

18

TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2009	Gross Balances	Provision for Impairment	Net Balances
Service debtors	30,290,319	17,199,462	13,091,857
Electricity	6,243,343	3,431,762	2,811,581
Water	7,240,952	4,111,322	3,129,630
Sewerage	8,030,884	4,690,414	3,340,470
Sundries	3,540,130	2,010,042	1,530,088
Refuse Removal	5,235,350	2,955,522	2,279,828
Housing rentals	806,419	457,671	348,748
Total	51,083,736	27,659,133	23,424,603
As at 30 June 2008			
Service debtors	23,460,120	13,554,542	9,905,578
Electricity	4,248,043	1,420,287	2,827,756
Water	5,731,316	2,898,156	2,833,160
Sewerage	6,226,128	4,541,485	1,684,643
Refuse Removal	3,313,506	2,270,326	1,043,180
Sundries	3,940,698	3,024,308	916,390
Housing rentals	541,719	477,052	64,667
Total	34,001,849	14,121,894	19,879,955

The average credit period for trade receivables from exchange transactions is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. The earlier interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the Trade receivables from exchange transactions.

Management of the municipality is of the opinion that the carrying value of trade receivables from exchange transactions approximate their fair values.

The fair value of trade receivables from exchange transactions were determined after considering the standard terms and conditions of agreements entered into between the municipality and Trade receivables from exchange transactions as well as the current payment ratios of the municipality's trade receivables from exchange transactions.

19.1 Ageing of trade receivables from exchange transactions

Trade receivables are interest bearing and are on 30 days' terms.

Services (Electricity, water, sewerage, sundry and refuse removal)

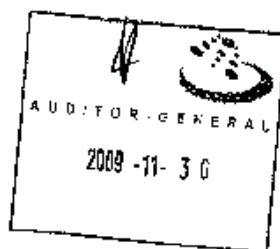
As at 30 June, the ageing analysis of trade receivables is as follows:

Neither past due nor impaired		
Current (0 - 30 days)	5,658,001	2,833,536
Past due and not impaired		
31 - 60 Days	970,326	930,583
61 - 90 Days	512,445	132,564
91 - 120 Days	701,856	519,101
121 >	5,118,624	5,519,589
Total	13,051,853	8,805,587

Housing

As at 30 June, the ageing analysis of trade receivables is as follows:

Neither past due nor impaired		
Current (0 - 30 days)	-	-
Past due and not impaired		
31 - 60 Days	-	7,494
61 - 90 Days	-	2,594
91 - 120 Days	-	7,754
121 >	348,748	46,835
Total	348,748	64,867



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
19.2 Summary of Trade Receivables by Customer Classification		
The Customer Classification cannot be provided as the Billing System used by the municipality was not set up to generate reports in this format.		
19.3 Reconciliation of Provision for Impairment on trade receivables from exchange- and non-exchange transactions		
Balance at beginning of year	18,763,021	18,832,051
Impairment Losses recognised	7,715,169	4,346,860
Amounts written off as uncollectible	(2,505,598)	(5,414,590)
Balance at end of year	23,962,592	18,763,021

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment. In general, receivables outstanding for more than 90 days are considered to be bad debts.

20 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Insurance claims	307,130	687,192
Sundry debtors	2,139,075	2,250,129
Rates	8,778,025	5,747,492
Less: Provision for Impairment: Rates	(4,583,838)	(4,631,428)
Less: Provision for Impairment: Rates on sundry debtors	(751,987)	-
Less: Provision for Impairment: Hostel Project	(1510,884)	-
	5,087,250	8,033,384
Unpaid Government grants and receipts	10,970,185	1,947,056
	10,970,185	1,947,056
Total Other trade receivables from non-exchange transactions	16,057,435	6,980,440

Receivables Aging

As at 30 June, the aging analysis of trade receivables is as follows:

<i>Neither past due nor impaired</i>		
Current (0 - 30 days)	1,931,232	851,726
<i>Past due and not impaired</i>		
31 - 60 Days	99,754	127,652
61 - 90 Days	-	-
91 - 120 Days	-	-
121 +	1,783,203	1,186,638
Total	3,784,187	2,116,064

Sundry Aging

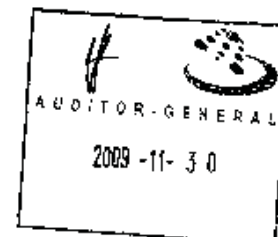
As at 30 June, the aging analysis of trade receivables is as follows:

<i>Neither past due nor impaired</i>		
Current (0 - 30 days)		
<i>Past due and not impaired</i>		
31 - 60 Days	-	-
61 - 90 Days	-	714,230
91 - 120 Days	-	-
121 +	905,925	1,535,899
Total	905,925	2,250,129

	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2009			
Rates	8,778,025	4,583,838	3,794,187
As at 30 June 2008			
Rates	5,747,492	4,631,428	2,116,064
As at 30 June 2009			
Sundry Debtors	2,168,875	1,252,951	905,925
As at 30 June 2008			
Sundry Debtors	2,250,129	-	2,250,129

The average credit period for government grants and subsidies is dependent on the Government Department involved and the nature of the claim. No interest is charged on outstanding government grants and subsidies. The subsidies are payable to the municipality in accordance with allocations made in the DUMA or based on agreements between the municipality and the relevant departments.

The average credit period for other debtors is 30 days. No interest is charged on trade receivables for the first 30 days from the date of the invoice. Thereafter interest is charged at prime plus one per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of the other debtors.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Management of the municipality is of the opinion that the carrying value of trade receivables from non-exchange transactions approximate their fair values.

The fair value of trade receivables from non-exchange transactions were determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as other sundry debtors. The payment ratios of trade receivables from non-exchange transactions were also taken into account for fair value determination.

The provision for impairment on trade receivables from non-exchange transactions (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of a Debtor, the municipality considers any change in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believe that there is no further credit provision required in excess of the Provision for Impairment.

21

TAXES

VAT receivable

2008
R

2008
R

9,203,767

3,460,795

VAT is payable on the receipts basis. Only once payment has been received from debtors is VAT paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date.

22

CASH AND CASH EQUIVALENTS

Bank balances and cash
Call investment deposits
Petty Cash Advances

21,051,550
36,772,522
9,120

(381,172)
57,119,516
6,207

Total cash and cash equivalents

57,833,292

56,743,551

The Municipality has the following bank accounts:-

Current Account (FNB Ordinary Account 533740325)

Bank statement balance at beginning of year
Bank statement balance at end of year

13,555,000
-

14,495,334
13,555,000

Current Account (FNB No.2 - 62023604413)

Bank statement balance at beginning of year
Bank statement balance at end of year

437,245
599,343

215,888
437,253

Current Account (FNB 62004709683)

Bank statement balance at beginning of year
Bank statement balance at end of year

150,000
-

9,709
150,000

Current Account (TMT FNB 62000479984)

Bank statement balance at beginning of year
Bank statement balance at end of year

514,892
437,295

920,978
514,692

Current Account (Pay A Bill) FNB 62003688720

Bank statement balance at beginning of year
Bank statement balance at end of year

26,887
-

-
26,887

Business Current Account (Standard 082806288-ACB)

Bank statement balance at beginning of year
Bank statement balance at end of year

8,187,912
-

11,864
8,187,512

Current Account (Main Standard bank 082599349)

Bank statement balance at beginning of year
Bank statement balance at end of year

-
35,848,478

-
-

Current Account (Direct Deposits Standard bank : 282032371)

Bank statement balance at beginning of year
Bank statement balance at end of year

-
447,791

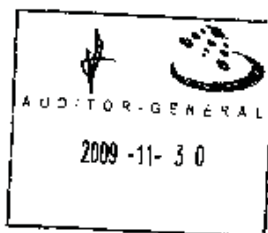
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Current Account (ACB Standard bank : 082408288)

Bank statement balance at beginning of year
Bank statement balance at end of year

-
30,940

-
-



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Summary

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

2009 R	2008 R
(381,172)	5,519,597
21,261,553	(381,172)
22,973,065	15,655,973
37,161,196	22,973,065

For the purpose of the Cash Flow Statement, Cash and Cash Equivalents include cash on hand, cash in banks and investments in Money Market Instruments, net of outstanding bank overdrafts.

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 9 % to 12.45 % per annum.

ABSA investment account number 2048975233 has been ceded as collateral for bond number 8043767245 to the amount of R24,000.

ABSA investment account number 205009076 has been ceded as collateral for bond number 8044290229 to the amount of R13,700.

Interest on overdrawn current accounts are charged at prime plus one per annum and earn interest at different rates per annum on favourable balances.

Management of the municipality is of the opinion that the carrying value of Bank Balance and Cash recorded at amortized cost in the Financial statements approximate their fair values.

The fair value of Bank Balance and Cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

23 PROPERTY RATES

Actual

Residential, Industrial, Rural and Other
Commercial
State

43,005,989	40,111,615
6,579,002	6,210,243
475,275	441,916

Total Assessment Rates

50,060,275	47,169,774
------------	------------

Valuations

Residential, Industrial, Rural and Other
Commercial
State

5,752,911,791	5,396,456,033
613,935,300	617,099,920
57,892,160	57,621,300

Total Assessment Rates

6,424,639,251	6,071,176,253
---------------	---------------

Assessment Rates are levied on the value of land and improvements, which valuation must be performed every 5 years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations, consolidations and subdivisions.

The last valuation came into effect on 1 July 2004. A general valuation was done and will be implemented with effect 1 July 2009.

Uniform rates of 1.108 cent in the Rand on land valuations and 0.395 cent in the Rand on building valuations were applied to determine assessment rates.

Rates are levied annually on property owners and are payable by 30 September. Owners are allowed to pay the annual assessment in 12 monthly instalments, which are payable by the end of each month. Interest is levied at the prime rate plus 1% on outstanding rates amounts.

24 INTEREST EARNED

Property Rates - Penalties imposed

2,730,949	2,123,630
2,730,948	2,123,630

External Investments

Interest Earned - external investments

8,514,659	8,472,295
8,814,858	8,472,298

Total Interest Earned

9,345,606	10,595,919
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BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

23	SERVICE CHARGES	2009	2008
	Electricity	R 48,455,397	R 38,607,163
	Water	22,721,011	22,067,794
	Refuse removal	10,555,113	9,430,020
	Sewerage and sanitation charges	19,583,828	18,802,054
	Prior year re-allocation - Less: Income foregone - Note 36	-	(2,497,041)
	Less: Income foregone	(2,915,840)	-
	Total Service Charges	98,399,711	86,230,037
	Attributable to: Continuing Operations	98,399,711	86,230,037

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs. The revenue is disclosed excluding VAT.

MATERIAL LOSSES

Electricity statistics

Kwh purchased	105,762,183	103,555,238
Kwh sold	91,762,612	93,362,199
Kwh losses	13,999,570	10,202,469
% Losses	13%	9.9%

Water statistics

Units purified	3,396,312	3,430,426
Kl sold	2,139,932	2,442,300
Kl losses	1,226,380	988,126
% Losses	30%	29%

26 RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Buildings	608,780	652,204
Rental Revenue from Halls	87,341	65,599
Rental Revenue from Other facilities	119,241	266,162
Prior year re-allocation - Operating lease movements - Note 37.10	-	(3,588)
Total Rental of Facilities and Equipment	815,362	979,477
Attributable to: Continuing Operations	815,362	979,477

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out. The revenue is disclosed excluding VAT.

27 GOVERNMENT GRANTS AND SUBSIDIES

Provincial Equitable Share	13,179,128	9,516,356
Provincial Health Subsidies	-	406,314
Local District Municipality Subsidies	-	3,297,671
Other Subsidies	-	988,745
Operational Grants	13,179,128	14,209,086
Conditional Grants	43,136,460	18,400,499
National FMG	1,862,958	645,454
Provincial MIG	5,890,086	-
Provincial DPLG Grant	283,295	88,207
WTO Flood	1,380,598	-
Provincial Housing Grant	31,267,218	14,115,121
Public Contributions: Developers	546,270	26,332
Public Contributions: Thela	-	382,590
Public Contributions: Umsobomvu Youth Fund	227,704	27,000
Municipal Systems Improvement Grant	400,000	-
National Electrification Programme	525,000	-
Community Development Workers	72,000	-
Library Grant	187,582	-
Public Contributions: Other	-	40,915
Transferred from Deferred Revenue	-	3,375,447
(Offset depreciation on assets funded from Grants)	-	6,998,218
Change in accounting policy - Deferred Revenue to CRAP not allowed - Note 37.10	-	-
Total Government Grants and Subsidies	56,312,588	43,253,260
Attributable to:		
Continuing Operations	56,312,588	43,253,260

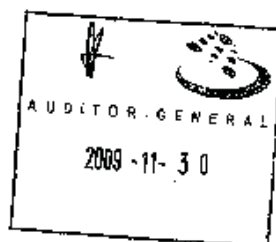
27.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services and subsidisation of tariffs to indigent and poor households.

27.2 Library Grant

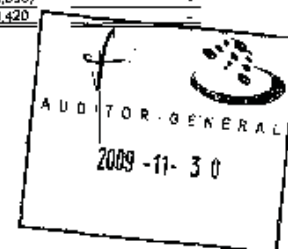
Balance unspent at beginning of year
Current year receipts
Conditions met - transferred to revenue
Conditions still to be met - transferred to liabilities

187,582	-
(187,582)	-
-	-



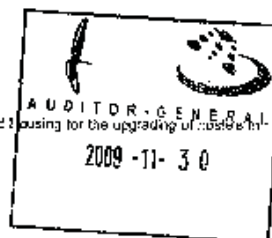
BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
27.3 Public Transport		
Balance unspent at beginning of year	-	639 381
Current year receipts	-	(2,365)
Capital spending	-	(536 393)
Conditions still to be met - transferred to liabilities - Note 11	-	-
	-	-
The Public Transport grant is aimed at promoting pedestrian safety over the N2 national road and to provide a pickup and drop off zone for commuters. No funds were withheld.		
27.4 Financial support		
Balance unspent at beginning of year	512,858	1,003,412
Current year receipts	1,250,000	250,000
Capital spending	-	-
Conditions met - transferred to revenue	(1,652,908)	(645,454)
Conditions still to be met - transferred to liabilities - Note 11	-	612 958
	-	-
The Financial Management Grant is paid by National Treasury to medium capacity municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), §603. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management interns).		
27.5 Spatial Planning		
Balance unspent at beginning of year	84,200	84,200
Current year receipts	-	-
Capital spending	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities - Note 11	-	-
	84,200	84,200
The grant was received from the Provincial Department of Environmental Affairs and Planning for the review of the spatial development framework. No funds were withheld. Projects that relate to Spatial Planning are still incomplete.		
27.6 Kurland project linked subsidy		
Balance unspent at beginning of year	(712,880)	475,626
Current year receipts	22,787	487,187
Capital spending	-	-
Conditions met - transferred to revenue	(258,802)	(1,682 693)
	-	-
Conditions met balance due by government transferred to current assets - Note 20	(949,400)	(712,880)
	-	-
The grant was received from the Provincial Department of Local Government and Housing for the provision of houses in Kurland. No funds were withheld.		
27.7 Airport Fencing		
Balance unspent at beginning of year	-	511,618
Capital spending	-	(511,618)
Conditions still to be met - transferred to liabilities - Note 11	-	-
	-	-
The grant was received from the National Department of Transport for the upgrading of the airport fencing. No funds were withheld.		
27.8 Traffic Disaster		
Balance unspent at beginning of year	782	16 111
Conditions met - transferred to revenue	-	(15 325)
Conditions still to be met - transferred to liabilities - Note 11	782	782
	-	-
27.9 Revitalize urban areas		
Balance unspent at beginning of year	50,000	50 000
Conditions still to be met - transferred to liabilities - Note 11	50,000	50,000
	-	-
The grant was received from the Provincial Department of Environmental Affairs and Planning for a study in respect of the revitalisation of urban areas. No funds were withheld. Projects that relate to the above are still incomplete.		
27.10 Socio Economic upgrading informal settlement		
Balance unspent at beginning of year	50 000	50,000
Conditions still to be met - transferred to liabilities - Note 11	50,000	50,000
	-	-
The grant was received from the Provincial Department of Environmental Affairs and Planning for a study in respect of the socio-economic upgrading of informal settlements. No funds were withheld. Projects that relate to socio-economic upgrade of informal settlements are still incomplete.		
27.11 MNG- Floods		
Balance unspent at beginning of year	29,083,818	-
Current year receipts	(1,380,356)	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities - Note 11	27,703,462	-
	-	-
The grant was received from the Provincial Department of Local Government and Housing for the repair of houses damaged during the 2007 floods. No funds were withheld. The projects have just commenced.		



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2008 R	2008 R
27.12 Electrification		
Balance unspent at beginning of year	129,000	28,348
Current year receipts	800,000	2,264,000
Capital spending	-	(1,863,348)
Conditions met - transferred to revenue	(829,000)	-
Conditions still to be met - transferred to liabilities - Note 11	-	129,000
The grant was received from the National Department of Minerals and Energy for the electrification of houses. No funds were withheld.		
27.13 Sports grounds: Kurland & Kranshoek		
Balance unspent at beginning of year	-	-
Current year receipts	-	382,329
Capital spending	-	(382,329)
Conditions still to be met - transferred to liabilities - Note 11	-	-
The grant was received from the Eden District Municipality for the upgrading of sport facilities in Kurand and Kranshoek. No funds were withheld.		
27.14 Housing Development		
Balance unspent at beginning of year	2,631,964	2,764,102
Current year receipts	5,281,487	11,377,064
Conditions met - transferred to revenue	(17,297,964)	(11,509,172)
Conditions still to be met - transferred to liabilities - Note 11	(9,369,883)	2,631,964
The grant was received from the Provincial Department of Local Government and Housing for the provision of houses in Qolwen/Bossiesgat. No funds were withheld.		
27.15 Various MIG Grants		
Balance unspent at beginning of year	5,809,035	2,784,551
Current year receipts	8,751,000	9,572,000
Capital spending	-	(6,547,515)
Conditions met - transferred to revenue	(5,880,035)	-
Conditions still to be met - transferred to liabilities - Note 11	8,680,000	5,809,035
The MIG grants are aimed at supplementing municipal budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households and for the provision, rehabilitation and renewal of municipal infrastructure. No funds were withheld. The projects have just commenced.		
27.16 Social Responsibility		
Balance unspent at beginning of year	709,762	361,269
Current year receipts	4,893	70,762
Capital spending	-	-
Conditions met - transferred to revenue	(545,270)	(28,302)
Conditions still to be met - transferred to liabilities - Note 11	169,385	709,762
The money was received from developers to enhance social responsibility in the area. The project is still in progress.		
27.17 Revenue Enhancement		
Balance unspent at beginning of year	288,286	371,502
Conditions met - transferred to revenue	(288,286)	(388,207)
Conditions still to be met - transferred to liabilities - Note 11	-	288,286
The grant was received from the Provincial Department of Local Government and Housing for the implementation of programs to enhance revenue collection. No funds were withheld.		
27.18 Municipal Systems Improvement Grant		
Balance unspent at beginning of year	-	-
Current year receipts	400,000	-
Conditions met - transferred to revenue	(400,000)	-
Conditions still to be met - transferred to liabilities - Note 11	-	-
The grant was received from the National Department of Provincial and Local Government for the improvement of Municipal Systems. No funds were withheld.		
Community Development Workers Grant		
Balance unspent at beginning of year	-	-
Current year receipts	72,000	-
Conditions met - transferred to revenue	(72,000)	-
Conditions still to be met - transferred to liabilities - Note 11	-	-
The grant was received from the Provincial Department of Local Government and Housing to assist with the operating cost of the CDW program. No funds were withheld.		
27.19 Hostel Project		
Balance unspent at beginning of year	-	-
Current year receipts	-	3,022,357
Capital spending	-	(3,022,357)
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities - Note 11	-	-
The grant was received from the Provincial Department of Local Government and Housing for the upgrading of hostels in New Horizon. No funds were withheld.		



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2008 R	2008 R
27.20 Emergency Housing		
Balance unspent at beginning of year	8,542,504	-
Current year receipts	-	8,685,518
Conditions met - transferred to revenue	(5,818,301)	(140,012)
Capital spending	-	-
Conditions still to be met - transferred to liabilities - Note 11	<u>2,723,803</u>	<u>8,542,504</u>

The grant was received from the Provincial Department of Local Government and Housing for the repair of houses damaged during the 2007 floods. No funds were withheld. The project is still incomplete.

27.21 LED Learnership		
Balance unspent at beginning of year	-	-
Current year receipts	-	362,600
Conditions met - transferred to revenue	-	(362,600)
Capital spending	-	-
Conditions still to be met - transferred to liabilities - Note 11	<u>-</u>	<u>-</u>

The grant was received from SETA to implement the LED learnership program. No funds were withheld.

27.22 Umsobomvu Youth Fund		
Balance unspent at beginning of year	-	-
Current year receipts	250,000	*20,000
Conditions met - transferred to revenue	(227,704)	(-20,000)
Conditions still to be met - transferred to liabilities - Note 11	<u>22,296</u>	<u>-</u>

The grant was received from the Umsobomvu Youth Fund for the establishment of a youth advisory centre. No funds were withheld. The project is still incomplete.

27.23 Kwana Housing phase 4		
Balance unspent at beginning of year	(488,863)	-
Current year receipts	13,073,189	-
Conditions met - transferred to revenue	(8,159,580)	(489,863)
Conditions met balance due by government transferred to current assets - Note 20	<u>4,443,725</u>	<u>(469,863)</u>

The grant was received from the Provincial Department of Local Government and Housing for the provision of houses in Kwarakhutula. No funds were withheld. The project is still incomplete.

27.24 Kranshoek Project Hk subsidy housing		
Balance unspent at beginning of year	(864,315)	(1,440,899)
Current year receipts	58,592	1,068,955
Conditions met - transferred to revenue	(32,571)	(312,381)
Conditions met balance due by government transferred to current assets - Note 20	<u>(636,896)</u>	<u>(654,315)</u>

The grant was received from the Provincial Department of Local Government and Housing for the provision of houses in Kranshoek. No funds were withheld.

27.25 MPC Kurland		
Balance unspent at beginning of year	17,193	43,777
Conditions met - transferred to revenue	(373)	(25,596)
Conditions still to be met - transferred to liabilities - Note 11	<u>16,818</u>	<u>17,991</u>

The grant was received from the National Department of Agriculture for an Local Economic Development project. The monies were to be used for a job creation project, specifically for women. The project is still incomplete.

TOTAL GRANTS AND SUBSIDIES

Balance unspent at beginning of year	18,914,721	1,547,091
Current year receipts	59,241,182	37,434,735
Conditions met - transferred to revenue	(43,196,833)	(15,420,498)
Capital spending	-	(12,943,864)
Conditions still to be met - transferred to liabilities - Note 11	35,019,069	17,067,883
Conditions met balance due by government transferred to current assets - previous year	(1,847,050)	-
Conditions met balance due by government transferred to current assets - Note 20	<u>10,470,195</u>	<u>1,847,058</u>
	<u>44,142,198</u>	<u>18,914,721</u>

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.



BTOW MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

28 OTHER INCOME

Included in other income is the following:-

	2009 R	2008 R
Fuel sales	1,655,447	1,257,580
Landing fees	76,597	59,564
Building plan fees	1,429,572	2,171,688
List of building plans	31,245	3,940
Sale of waste bins	38,303	535,439
Fire fighting fees	47,587	22,530
Cemetery fees	41,886	42,892
Conservancy charges	563,916	795,528
Connection fees	452,458	424,807
Service connections	105,750	48,058
Re- / disconnection	83,074	47,669
Sundry income	1,870,761	1,491,251
Total Other Income	6,427,804	6,817,776

Attributable to:

Continuing Operations	6,427,804	6,817,776
Discontinued Operations	-	-
Total	6,427,804	6,817,776

Revenue from Other Income is disclosed excluding VAT

29 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	42,507,273	37,542,642
Employee related costs - Contributions for UIF, pensions and medical aids	13,336,141	10,334,633
Travel, motor car, accommodation, subsistence and other allowances	5,057,491	2,839,589
Housing benefits and allowances	694,233	1,156,512
Overtime payments	3,640,085	2,331,666
Bonuses: 13th Cheque	3,455,319	2,450,970
Contribution to Leave Gratuity	1,515,003	1,050,084
Contribution to provision for post-retirement medical aid benefits	5,543,094	2,033,272
Contribution to long-service provision	539,262	275,259
Total Employee Related Costs	74,288,920	65,464,588

Attributable to:

Continuing Operations	74,288,920	64,205,834
Total	74,288,920	64,205,834

Remuneration of the Municipal Manager

Annual Remuneration	284,000	303,500
Car Allowance	144,000	86,000
13th Cheque	-	85,926
Other	151,334	214,077
Contributions to UIF, Medical and Pension Funds	23,066	26,034
Total	1,006,300	695,427

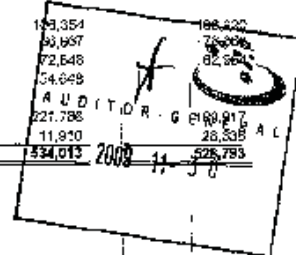
Remuneration of the Chief Finance Officer

Annual Remuneration	635,000	212,000
Car Allowance	132,000	44,000
Other	105,231	22,488
Contributions to UIF, Medical and Pension Funds	1,539	-
Acting Allowance Paid	9,763	-
Total	911,033	278,488

The CFO position was vacant for 6 months in the prior year.

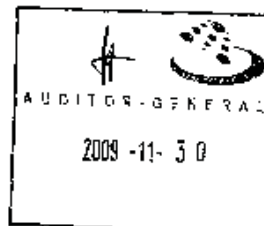
Remuneration of Individual Executive Directors

	Strategic Services	Corporate Services	Public Works Services	Community Services
30 June 2009				
Annual Remuneration	214,000	268,932	171,203	589,000
Car Allowance	102,800	500,869	63,798	144,000
Other	-	22,376	3,633	94,953
and Pension Funds	39,166	32,438	37,284	27,567
Acting Allowance Paid	-	-	-	8,578
Total	356,044	854,505	284,835	852,583
30 June 2008				
Annual Remuneration	-	185,473	139,354	186,422
Car Allowance	-	63,333	93,697	75,000
13th Cheque	-	77,573	72,648	82,565
Leave Pay	-	65,040	54,649	-
Other	-	170,258	221,786	89,917
and Pension Funds	-	62,275	11,910	26,535
Total	-	582,862	414,013	526,789



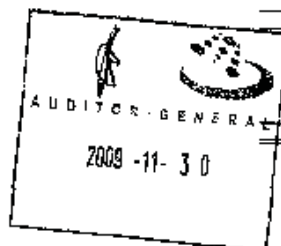
BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
30 REMUNERATION OF COUNCILLORS		
Executive Mayor	517,885	270,339
Deputy Executive Mayor	404,532	213,621
Speaker	404,532	213,621
Mayoral Committee Members	283,245	214,319
Councillors	784,903	298,920
Councillors - other allowances	304,651	855,436
Total Councillors - Remuneration	2,776,698	2,076,848
In-kind Benefits		
The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members of the Municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the Municipality in order to enable them to perform their official duties. The Executive Mayor is also provided with official transport for public duties.		
Certification by the Municipal Manager		
I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.		
31 IMPAIRMENT LOSSES		
31.1 Impairment Losses on Financial Assets		
Trade Receivables	7,745,499	4,345,890
Total	7,745,499	4,345,890
Total Impairment Losses	7,745,499	4,345,890
Attributable to:		
Continuing Operations	7,745,499	4,345,890
	7,745,499	4,345,890
32 DEPRECIATION AND AMORTISATION		
Depreciation: Property, Plant and Equipment	13,619,667	11,591,478
Amortisation: Intangible Assets	78,032	43,536
Total Depreciation and Amortisation	13,697,699	11,635,014
33 Finance Charges		
Long-term liabilities	3,545,055	3,630,526
Finance leases	82,547	-
Change in accounting policy - Finance leases - Note 37	-	14,270
Total Interest on External Borrowings	3,627,602	3,644,796
34 BULK PURCHASES		
Electricity	30,254,722	21,738,375
Water	-	106,086
Total Bulk Purchases	30,254,722	21,844,461
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.		
35 GRANTS AND SUBSIDIES PAID		
Indigent subsidies paid	-	2,497,041
Prior year re-allocation - Note 25	-	(2,497,041)
Various Housing grants	-	15,090,158
RSG Grant	-	3,052,726
Various small grants	-	295,409
Total Grants and Subsidies	-	19,038,293



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
36 GENERAL EXPENSES		
Hire & Maintenance	7,425,699	2,139,965
Events & Festivals	1,840,864	651,673
Third Party Payments	694,557	-
Security	1,206,287	1,167,951
Emergency VIP Protection	1,244,295	4,090,300
Telecommunications	1,223,960	1,354,220
Training	716,187	473,937
Valuation Expenses	1,562,562	831,525
Legal Expenses	3,578,537	2,550,161
Performance Management	628,827	-
Fuel Purchases	1,711,053	807,694
Electricity Supply	1,663,241	1,505,534
General Cleaning	1,329,663	375,191
Vehicle Operating Cost	2,730,401	2,705,728
Chemicals	1,288,046	1,336,004
Other	23,687,133	1,487,850
Total General Expenses	47,659,801	31,543,524
37 CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GRAP	2008 R	2007 R
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP: -		
37.1 Housing Development Fund		
Balance previously reported:	1,041,622	-
Transfer from accumulated surplus - Note 37.1:	-	1,041,622
Total	1,041,622	1,041,622
37.2 Capital Replacement Reserve		
Balance previously reported:	17,115,008	-
Transfer from accumulated surplus - Note 37.1:	-	17,115,008
Total	17,115,008	17,115,008
37.3 Deferred Revenue		
Balance previously reported:	-	34,937,239
Transfer to accumulated surplus - Note 37.11 and Note 5	-	(34,937,239)
Total	-	-
37.4 Long Term Liabilities		
Balance previously reported:	-	35,289,645
Finance leases not previously recognised - Note 6	-	180,886
Hire Purchase agreement not previously recognised - Note 6	-	289,856
Total	-	35,768,387
37.5 Non-Current Employee Benefits		
Balance previously reported:	-	-
Post retirement benefits not previously recognised - Note 37.1:	-	18,673,362
Long Service Awards not previously recognised - Note 37.11	-	2,518,905
Total	-	21,192,267
37.6 Employee Benefits		
Balance previously reported:	-	-
Balance transferred from Trade payables - Note 37.7	-	2,846,469
Bonuses not previously recognised	-	1,472,696
Total	-	4,319,165
37.7 Trade Payables		
Balance previously reported (Staff leave):	-	2,046,429
Balance transferred to Employee Benefits - Note 37.6	-	(2,046,429)
Total	-	-
37.8 Operating Lease Assets		
Balance previously reported:	-	-
Balance transferred to Accumulated Surplus - Note 37.11	-	18,207
Total	-	18,207
37.9 Property, Plant and Equipment		
Balance previously reported:	-	-
Balance transferred to Accumulated Surplus - Note 37.11	-	(68,632)
Total	-	(68,632)



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

37.10 Changes to prior year statement of Financial Performance

Accumulated surplus balance previously reported
Adjustments for the year:
Deferred Revenue (to GRAP not allowed - Note 27)
Post Employment Health Care Benefits contribution - Note 8
Depreciation (impairment)
Provision for bad debts
Long Service Awards contribution - Note 8
Operating lease movements for the year - Note 25
Various re-allocations of line items were made to the Statement of Financial Performance with a zero effect on the Surplus

2008 R	2007 R
21,528,697	-
8,520,457	-
9,500,230	-
(4,370,983)	-
2,545,272	-
1,147,771	-
(966,983)	-
(3,685)	-
36,047,104	-

37.11 Accumulated Surplus

Balance previously reported:
Transfer to Housing Development Fund - Note 3
Transfer to Capital Replacement Reserve
Transfer from Utilities Revenue
Transfer to Operating Lease Asset
Impairment PPE
Additional Impairment
Property, Plant and Equipment - Note 37.9
Bonuses not previously recognised
Transferred to Non-current Employee Benefits
Total

-	180,430,569
-	(1,041,522)
-	(17,115,008)
-	34,937,239
-	18,287
-	(16,650,117)
-	(2,545,272)
-	(48,832)
-	(1,470,505)
-	(21,520,887)
-	104,683,961

38 CORRECTION OF ERROR

Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June 2007 and 30 June 2008.

Details of the appropriations are as follows:

Corrections to External Loans	-	(316,947)
Corrections to Expenditure	-	2,864,348
Corrections to Income	-	1,466,172
Contribution from Income to Revolving Fund	-	(3,585,200)
Contribution from Income to Valuation Fund	-	(800,000)
Redemption paid	-	(11,305,050)
Depreciation	-	13,809,794
Depreciation on Land	-	966,324
Contribution from Deferred Revenue	-	(3,757,944)

(Decrease)/Increase in accumulated surplus

-	(232,638)
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39 CASH GENERATED BY OPERATIONS

Surplus for the year

6,132,810	30,547,104
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Adjustment for:-

Implementation of GRAP	-	(1,527,354)
Deferred Revenue (to GRAP not allowed)	-	(9,566,218)
Post Employment Health Care Benefits contribution	-	(4,370,589)
Long Service Awards contribution	-	(365,583)
Operating lease movements for the year	-	3,685
Previous years	-	(1,348,860)
Depreciation	32	13,807,586
Gains/ Deficit in transfer of PPE	-	(856,147)
Actuarial Gains/Losses	-	(2,069,600)
Movement in operating lease assets	-	(1,503)
Contribution from/to Employee Benefits - Non-Current	-	4,831,654
Contribution from/to Employee Benefits - Non-Current - Expenditure Incurred	-	(744,485)
Contribution to Employee Benefits - current	-	2,545,277
Contribution to Employee Benefits - current - Expenditure Incurred	-	(679,948)
Debit in transfer of intangible assets	13	-
Contribution to bad debt impairment	16.0	7,745,499
Doctors written off	19.3	(2,805,598)
Investment income	24	(3,814,656)
Interest paid	33	3,627,802

Operating surplus before working capital changes:

25,508,576	30,672,484
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(Increase)/decrease in inventories
(Increase)/decrease in Trade receivables from exchange transactions
(Increase)/decrease in other receivables from non-exchange transactions
(Increase)/decrease in Taxes
Increase/(Decrease) in deferred revenue
Increase/(Decrease) in Trade and other payables
Increase/(Decrease) in unspent conditional grants and receipts
Increase/(Decrease) in unpaid conditional grants and receipts

AUDITOR GENERAL
2009-11-30

18	1,538,370	9,557,399
19	(7,094,682)	(1,043,281)
20	(1,676,228)	(1,051,503)
21	(5,742,989)	(7,472,216)
5	-	9,558,216
16	7,397,034	(78,110)
20	20,227,475	9,528,731
20	(9,123,177)	-

Cash generated by/(utilised in) operations

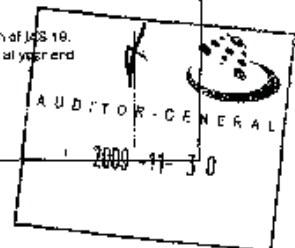
38,132,327	49,061,712
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BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
40 NON-CASH INVESTING AND FINANCING TRANSACTIONS		
None		
41 FINANCING FACILITIES		
Unsecured Bank Overdraft Facility, reviewed annually and payable at call		
- Amount used (as per Bank Statements)	-	2,500,000
- Amount unused	-	2,800,000
		2,800,000
No restrictions exist, except for normal banking procedures and regulations.		
42 OPERATING LEASE COMMITMENTS		
The Municipality as Lessee:		
Operating Leases relate to Property, plant and Equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.		
At the Statement of Financial Position date the municipality had outstanding commitments under non-cancelable operating leases, which fall due as follows:		
Buildings, Vehicles and other equipment	22,091	744,288
Up to 1 year	7,196	675,531
1 to 5 years	14,591	67,579
More than 5 years	304	478
Total Operating Lease Liabilities - as Lessee	22,091	744,288
The Municipality as Lessor:		
At the Statement of Financial Position date the following lease receipts were receivable under Non-cancelable Operating Leases for Property, Plant and Equipment, which are receivable as follows:		
Up to 1 year	119,010	108,229
1 to 5 years	222,582	340,570
More than 5 years	50	73
	340,642	448,872
The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:		
- Land and Buildings	15,908	14,309
	15,908	14,309
No restrictions have been imposed on the Municipality in terms of the operating lease agreements.		
43 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities - Note 6	66,788,565	35,769,366
Used to finance property, plant and equipment - at cost	(66,788,368)	(35,769,368)
Sub-total		
Cash set aside for the repayment of long-term liabilities	3,365,952	3,064,305
Cash invested for repayment of long-term liabilities	3,365,952	3,064,305
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long term liabilities can be repaid on redemption date.		
44 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
44.1 Unauthorised expenditure		
Reconciliation of Unauthorised Expenditure:		
Opening balance		
Unauthorised Expenditure current year	16,719,884	11,168,074
Condoned or written off by Council	(16,719,884)	(11,168,074)
Unauthorised Expenditure awaiting authorisation		

Incident
The approved budget was exceeded in the following instances:
1. Electricity - R 567,127
2. Finance and Admin - R322,642
3. Housing - R43,014
4. Refuse Removal - R21,759
5. Sewerage - R597,362
6. Planning and Development - R 1,135,025
7. Public Safety - R 2,847,809
8. Sport and Recreation - R 207,730
9. Executive and Council - R 9,307,573
10. Road Transport - R1,586,108

None - Change in Accounting Policy and Treatment - Implementation of IAS 19.
Monies from DPUG with regards to Housing expenditure not received at year end
Insufficient budgeting



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
44.2 Fruitless and wasteful expenditure		
Recognition of Fruitless Expenditure:		
Opening balance		
Unauthorised Expenditure current year	73,705	
Fruitless and wasteful expenditure awaiting authorisation	<u>73,705</u>	

Fruitless and wasteful expenditure relates to the following:

- Interest charged on late payments for motor registration and licence fees amounting to R56,580, payable to the Provincial Department of Transport and Public Works. Representations were made to the Department to write off the interest.
- An amount of R 2 713 that relates to petty cash theft. A letter has been sent to the responsible official to repay the amount.
- An amount of R 13,812 that relates to penalties and interest on VAT.

44.3 Irregular expenditure		
Recognition of Irregular Expenditure:		
Opening balance		
Unauthorised Expenditure current year	3,604,346	
Condoned by Municipal Manager	(3 604,346)	
Irregular Expenditure awaiting authorisation		

Incident	Detail
	EMERGENCY HOUSING
SSI Consulting Engineers - R 385,558.83 (Excl VAT)	Was appointed at a cost of R 385,558.86 (Excl VAT) to render professional services in respect of houses that needed emergency repairs due to flood damage. Repairs to the damaged houses had to be addressed in short notice and the response time did not allow for the complete procurement process to be followed.
	JULIA AVENUE LANDSLIP
Kanley & Tempier Consulting Engineers - R 209,807 (Excl VAT)	Kanley & Tempier Consulting Engineers were contracted to perform an investigation into the cracks in Julia Avenue. The cracks in the street was the result of a landslip that occurred.
	TRICOM
Tricom - R 3,000,460 (Excl VAT)	Tricom was contracted to examine the pump stations as a result of failure of such installations. The investigation was deemed urgent as pump stations play an important role in water and sanitation services.

45 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organized local government		
Opening balance	-	214,735
Council subscriptions	270,782	(214,735)
Amount paid - current year	(270,782)	
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>

45.2 Audit fees		
Opening balance	-	-
Prior year audit fee	1,100,630	652,146
Amount paid - current year	(1,100,630)	(652,146)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>

45.3 VAT

VAT input receivables and VAT output payables are shown in note 21. All VAT returns have been submitted by the due date throughout the year.

45.4 PAYE and UIF		
Opening balance		
Current year payroll deductions	1,947,600	5,494,236
Amount paid - current year	(7,648,000)	(5,494,236)
Balance unpaid (Included in creditors)	<u>4,800</u>	<u>-</u>

45.5 Pension and Medical Aid Deductions		
Opening balance		
Current year payroll deductions and Council Contributions	8,876,856	14,525,439
Amount paid - current year	(8,876,056)	(14,525,439)
Balance unpaid (Included in creditors)	<u>-</u>	<u>-</u>

45.6 Councillor's arrears consumer accounts

During the financial year under review no Councillor (present or past) was in arrears with the settlement of their municipal accounts.

45.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

No known matters existed at reporting date.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

45.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 35(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the financial statements.

Emergency Housing

SSI Consulting Engineers was appointed, at a cost of R 380 558.88 (Excl VAT) to render professional services in respect of houses that needed emergency repairs due to flood damage. The repairs to the damaged houses had to be addressed at short notice and the response times did not allow for the complete procurement process to be followed.

Julia Avenue Landslip

Kartey & Tempier Consulting Engineers were contracted to perform an investigation into the cracks in Julia Avenue. The cracks in the street was the result of a landslip that occurred.

Pump station - Purification

Troom was contracted to examine the pump stations as a result of failure of such installations. The investigation was deemed urgent as pump station play an important role in water and sanitation service.

46 COMMITMENTS FOR EXPENDITURE

46.1 Capital Commitments

Commitments in respect of capital expenditure.

- Approved and contracted for
Infrastructure

Total

This expenditure will be financed from:

- External Loans

4,500,000	2,000,000
4,500,000	2,000,000
4,500,000	2,000,000
4,500,000	2,000,000
4,500,000	2,000,000

47 FINANCIAL INSTRUMENTS

47.1 Classification

FINANCIAL ASSETS

In accordance with IAS 39, the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

Financial assets

Classification

Investments

Fixed Deposits

Held to maturity

3,365,952

3,054,305

Long-term Receivables

Long-term receivables

Loans and receivables

548,967

1,020,511

Consumer and other current debtors

Trade receivables from exchange transactions

Loans and receivables

12,445,605

9,670,255

Other receivables from exchange transactions

Loans and receivables

5,097,252

5,033,386

Unpaid Conditional Government Grants and Rebates

Loans and receivables

10,973,185

8,847,058

Current Portion of Long Term Receivables

Loans and receivables

191,050

297,231

Bank Balances and Cash

Loans and receivables

57,824,172

57,148,518

Cash loans and advances

Held to maturity

5,170

6,207

91,447,210

78,257,469

SUMMARY OF FINANCIAL ASSETS

Held to maturity

3,875,072

3,070,512

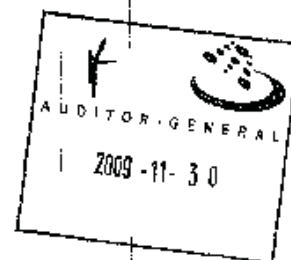
Loans and receivables

88,072,138

75,186,957

91,447,210

78,257,469



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

FINANCIAL LIABILITIES

<u>Financial liability</u>	<u>Classification</u>	2008 R	2008 R
Long-term Liabilities			
Annuity Loans	At amortised cost	61,522,054	32,625,373
Capitalised Lease Liability	At amortised cost	262,978	317,118
Trade and other Payables			
Trade Creditors	At amortised cost	13,819,508	7,076,404
Other creditors	At amortised cost	3,544,000	4,504,646
Unspent Conditional Grants and Receipts			
Other Spheres of Government	At amortised cost	44,142,197	8,914,722
Cash and Cash Equivalents			
Bank Overdraft	At amortised cost		331,172
Current Portion of Long-term Liabilities			
Annuity Loans	At amortised cost	3,737,520	2,679,272
Capitalised Lease Liability	At amortised cost	256,115	153,603
Total Financial Liabilities		138,294,673	68,646,208
SUMMARY OF FINANCIAL LIABILITY			
At amortised cost		138,294,673	68,646,208

47.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2007.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

47.3 Financial Risk Management Objectives

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities and cash and cash equivalents, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing facilities and cash and cash equivalents.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

0.5% (2008 - 2%) Increase in interest rates	(27,994)	480,646
1% (2008 - 0.5%) Decrease in interest rates	55,988	(120,181)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consists mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

The entity only deposits cash with major banks with high quality credit standing. Grants are receivable from higher order levels of government. The credit risk pertaining to these financial assets are considered to be low.

Trade and other debtors are disclosed not after provisions are made for impairment and bad debts.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade debtors is considered to be moderate due to the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Other debtors are individually evaluated annually at statement of Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2009 R	2008 R
Trade receivables from exchange transactions (net of provision)	13,440,604	2,870,555
Other receivables from non-exchange transactions (net of provision)	5,289,305	5,033,585
Long-term receivables	739,925	1,317,747
	<u>20,160,762</u>	<u>16,665,778</u>

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity, as a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2009				
Long Term liabilities	11,249,359	42,172,810	38,274,944	40,296,686
Consumer Deposits	3,652,301	-	-	-
Trade and Other Payables	18,813,508	-	-	-
Other Creditors	3,544,000	-	-	-
Unspent conditional government grants and receipts	44,142,197	-	-	-
	<u>78,407,357</u>	<u>42,172,810</u>	<u>38,274,944</u>	<u>40,296,686</u>
2008				
Long Term liabilities	8,670,627	23,642,795	22,535,255	6,490,781
Consumer Deposits	3,480,877	-	-	-
Trade and Other Payables	7,079,404	-	-	-
Other Creditors	4,504,545	-	-	-
Bank Overdraft	381,772	-	-	-
Unspent conditional government grants and receipts	18,911,722	-	-	-
	<u>40,891,347</u>	<u>23,642,795</u>	<u>22,535,255</u>	<u>6,490,781</u>

48

MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The personnel of the Bitou Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details of which are provided below. The Cape Joint Pension Fund is defined benefit plan, whereas the Cape Joint Retirement Fund, Municipal Councilors Fund, The Provincial Fund and The National Fund for Municipal Workers are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio, these assets are not rationally allocated to each of the participating employers.
- One set of financial statements is compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contributions applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

CAPE JOINT RETIREMENT FUND

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9% by the members and 15% by Council. In respect of the defined benefit section the last valuation performed for the year ended 30 June 2006 (30 June 2007) revealed that the fund had an actuarial surplus of R182,733 (R 200,209) million with a funding level of 106,5% (107,1%), and was in a sound financial state as at 30 June 2008.

CAPE JOINT PENSION FUND

The contribution rate paid by the members (9,0%) and Council (16,0%) is sufficient to fund the benefits accruing from the fund in future. In respect of the defined contribution section the last valuation performed for the year ended 30 June 2008 (30 June 2007) revealed that the fund had an actuarial surplus of R12,553 (R 23,22) million with a funding level of 103,3% (105,3%) and is in a sound financial position as at 30 June 2008.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

49 RELATED PARTY TRANSACTIONS

49.1 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

Rates and Services Accounts	Rates R	Service Charges R	Other R	Outstanding Balances R
30 June 2009				
Councillors	-	24 148	8,259	8,259
Municipal Manager and Section 57 Personnel	4,108	29,814	-	-
Total	4,108	53,760	8,259	8,259
30 June 2008				
Councillors	235	26,490	-	-
Municipal Manager and Section 57 Personnel	10,409	48 229	-	729
Total	10,744	75,819	-	729

The rates, service and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel. An expense amounting to R 571,570 has been written off in the period for bad or doubtful debts in respect of amounts owed by related parties from prior periods.

49.2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.

49.3 Compensation of key management personnel

The compensation of key management personnel is set out in Notes 29 and 30.

49.4 Purchases from Related Parties

None

50 CONTINGENT LIABILITIES

The Municipality is involved in certain court cases of which the legal costs may be as follows:

50.1 Johann Goetzee

The Plaintiff is claiming the amount of R 62,004 against the municipality. We are currently negotiating a settlement with his attorney.

50.2 Elmarie Mare – Sexual harassment lawsuit

Although the plaintiff is claiming an amount in excess of R15,000,000, the prospects of success are improbable.

50.3 Fairway Avenue Homeowners

Fairway Avenue Homeowners – The Association has served the Municipality with a notice of motion for the cost to order the Municipality to :-

- (a) improve the drainage from the major catchment area to cater for the 1 in 50 year flood by installing an additional conduit or the creation of an open channel outlet and raising the channel embankment, and
- (b) upgrade the pumps in pump station.

Most of the issues seem to have been resolved and our attorneys are positive that we will be able to resolve this matter amicably.

50.4 Dataforce Trading 63 (Pty) Ltd – They are threatening to institute a council claim due to the alleged condition of the Municipal Dump. Their attorneys believe that their allegations justified their failure to pay rates and that the matter should proceed to trial. They have requested a round table meeting to discuss settlement.

51 CONTINGENT ASSET

None

52 IN-KIND DONATION AND ASSISTANCE

The Municipality did not receive any in-kind donation and assistance during the year under review.

53 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted is set out in Appendices E (1) and E (2).

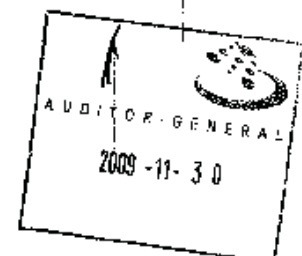
54 PRIVATE PUBLIC PARTNERSHIPS

The Municipality has as yet not entered into a public-private partnership agreement with any private party.

55 EVENTS AFTER THE REPORTING DATE

Guarantee

The municipality issued a bank guarantee on 6 July 2009 in respect of credit granted for an average of one month's fuel supplies to AFS (Pty) Ltd to the value of R 200 000.



BITOU MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

EVENTS AFTER THE REPORTING DATE (continue)

As a result of severe drought in the municipal area, the municipal council resolved at a meeting held on 27 November 2008 to declare a local disaster in terms of the Disaster Management Act. It is not possible to estimate the exact financial impact of this drought at this stage. The municipality will have to adjust its capital budget to implement drought-related projects.

56 Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

56.1 GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:

Refuse tip-stiles financed by way of a provision;

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

56.2 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise non-current assets held for sale and discontinued operations relating to inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards;

56.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise all the Investment Properties:

The municipality is currently in a process of identifying all Investment Properties and having them valued in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

56.4 GRAP 17 - Property Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2008. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

Land;

Componentised infrastructure assets;

Property, Plant and Equipment financed by way of a provision such as Landfill Site Rehabilitation Costs;

Other property, plant and equipment.

The municipality identified and listed all Property, Plant and Equipment and is busy having it measured in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The municipality is in the process of identifying all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

56.5 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure all the Intangible Assets in accordance with the standard, including the following:

Computer Software;

Services.

The municipality is currently in a process of identifying all Intangible Assets and having it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2010 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

56.6 GRAP 12 - Inventories

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not measure the following inventories:

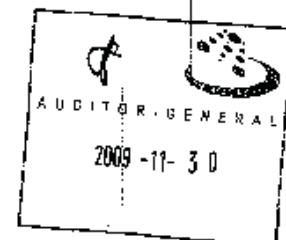
Water;

Land held for sale; and

The municipality is currently in a process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

57 Process to comply fully with the implementation of General Recognised Accounting Practice (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.



APPENDIX A

BITOU MUNICIPALITY

SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2009

EXTERNAL LOANS	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2008	Received during the period	Redeemed written off during the period	Balance at 30 June 2009
LONG- TERM LOANS								
South Cape District Council	118,000	10.75%	-	12/31/2008	118,000	-	118,000	-
Sanlam	487,000	8.75 - 11.50	Various	12/31/2009	29,783	-	29,174	6,809
Sanlam	1,522,000	11.75 - 12.20	-	6/30/2008	-	-	-	-
Development Bank	7,400,000	10.95%	11,200	12/31/2019	4,254,357	-	370,000	3,884,357
Development Bank	7,480,000	11.24%	13,655	12/31/2020	4,916,536	-	393,684	4,522,852
Development Bank	15,656,000	16.00%	100,225	12/31/2022	11,948,000	-	824,000	11,124,000
Development Bank	15,000,000	9.14%	102,541	6/30/2017	14,031,969	-	1,062,413	12,969,556
Provincial Administration	318,948	11.25%	-	6/30/2008	-	-	-	-
Development Bank	-	10.64%	-	6/30/2029	-	26,952,500	-	26,952,500
Development Bank	-	10.72%	-	6/30/2024	-	2,800,000	-	2,800,000
Development Bank	-	10.42%	-	6/30/2014	-	4,000,000	-	4,000,000
Wesbank	481,825	PRIME LESS 1.75%	-	30.03.2011	289,855	-	92,101	197,754
Total Long- Term Loans	48,443,773				35,588,500	33,752,500	2,883,373	66,457,628
LEASES								
Finance Leases					180,866	256,095	105,623	331,338
Total leases	-				180,866	256,095	105,623	331,338
TOTAL EXTERNAL LOANS	48,443,773				35,769,366	34,008,595	2,988,996	66,788,966

Refer to note 6 for additional information



APPENDIX B (2)
BITOU MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation			Accumulated Depreciation and Impairment			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Closing Balance
Land and Buildings							
Land	5,658,187	5,018,336	-	-	10,675,523	-	10,675,523
Buildings	33,192,718	1,748,900	193,560	-	35,135,177	21,280,219	22,609,517
	38,850,905	6,767,236	193,560	-	46,610,700	21,280,219	23,501,182
Infrastructure							
Roads	66,403,888	6,987,237	8,593,122	-	81,984,247	21,679,613	25,525,616
Sewerage Mains and Purification	54,135,850	8,216,751	-	-	62,352,600	26,429,175	28,377,846
Electricity Mains	24,093,155	12,711,228	-	-	36,804,383	5,700,474	6,905,143
Electricity Peak Load Equipment	475,877	1,128,246	-	-	1,604,123	231,156	260,434
Water Mains and Purification	17,410,885	-	-	-	17,410,885	8,446,803	9,371,488
Reservoirs - Water	13,509,020	442,139	-	-	14,051,159	7,235,667	8,038,496
Water Meters	482,803	-	-	-	482,803	79,447	7,916,117
Water Mains	49,852,152	18,030,193	-	-	67,882,345	2,115,870.04	104,323
Landfill Sites	2,295,232	293,750	-	-	2,588,982	382,081	486,844
	228,658,763	47,829,546	8,593,122	-	284,981,431	84,480,214	96,559,878
Community Assets							
Parks and Gardens	70,150	-	-	-	70,150	3	3,511
Libraries	627,030	-	-	-	627,030	67,606	88,708
Recreation Grounds	362,329	290,167	-	-	652,496	-	8,115
Civic Buildings	2,541,235	-	-	-	2,541,235	1,915,586	1,979,293
	3,700,744	290,167	-	-	3,990,912	1,983,397	2,088,629
Leased Assets							
Leased Assets	271,148	256,085	-	-	527,234	103,131	226,387
	271,148	256,085	-	-	527,234	103,131	226,387
Other Assets							
Landfill Sites	-	-	-	-	-	-	-
Office Equipment	1,288,049	1,542,151	-	171,700	2,858,464	217,615	289,628
Furniture and Fittings	112,556	485,190	-	-	597,752	0,201	53,277
Bins and Containers	15,636	-	-	-	15,636	14,757	15,837
Emergency Equipment	17,890	121,378	-	-	139,067	14,393	16,591
Motor Vehicles	8,427,862	-	-	120,000	8,307,862	8,983,030	7,377,878
Fire Engines	1,491,157	-	-	-	1,491,157	986,239	1,050,024
Refuse Tankers	1,240,488	-	-	-	1,240,488	1,240,488	1,240,488
Computer Equipment	364,517	445,071	-	5,600	809,387	24,184	113,381
	12,855,949	2,593,796	-	297,300	15,252,444	8,486,817	10,156,814
Total: Property, Plant and Equipment	284,538,510	67,734,839	8,786,682	297,300	360,762,730	117,329,877	130,552,134
Intangible Assets							
Computer software/licenses	798,115	3,621,461	-	-	4,359,576	668,794	847,766
Total: Intangible Assets	798,115	3,621,461	-	-	4,359,576	668,794	847,766
Grand Total	285,278,625	61,356,300	8,786,682	297,300	365,122,306	117,998,671	223,722,406

AUDITOR-GENERAL
2009-11-30

APPENDIX B **BITOU MUNICIPALITY**

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 June 2008

	Cost/Revaluation				Accumulated Depreciation and Impairment						Closing Balance	Carrying Value
	Opening Balance	Additions	Deposits	Impairment	Closing Balance	Opening Balance	Additions	Disposals	Impairment			
Land and Buildings												
Land	6,648,867	378,824	-	2,866,594	5,859,187	23,814,403	771,459	17,748	3,431,453	21,296,219	5,859,187	
Buildings	37,805,442	4,534,046	76,085	8,070,704	53,182,718	23,874,003	774,458	17,748	3,431,483	21,296,219	11,880,499	
	45,854,299	5,210,869	76,085	11,937,298	39,051,905	23,874,003	774,458	17,748	3,431,483	21,296,219	17,766,586	
Infrastructure												
Roads	51,788,279	14,815,410	-	-	66,403,688	18,548,093	3,130,518	-	-	21,679,613	44,724,075	
Sewerage Mains and Purification	45,054,135	8,089,954	-	-	54,044,090	24,015,279	2,402,427	-	-	26,417,725	27,878,384	
Electricity Mains	14,606,983	9,283,292	-	-	24,090,155	4,908,214	764,280	-	-	5,700,474	18,392,681	
Electricity Peak Load Equipment	43,573,32	40,145	-	-	47,618,467	202,274	28,882	-	-	231,156	244,721	
Water Mains and Purification	17,389,458	11,529	-	-	17,410,985	7,487,108	979,697	-	-	8,446,833	8,994,182	
Roadworks	11,678,724	2,030,295	-	-	13,809,020	6,850,795	584,882	-	-	7,285,967	6,373,553	
Water Meters	145,015	337,788	-	-	482,803	70,679	8,768	-	-	79,447	403,346	
Water Mains	37,831,817	12,112,295	-	-	49,944,112	12,794,665	1,512,602	-	-	14,307,287	35,636,845	
Landfill Sites	-	474,948	-	-	2,293,232	281,047	91,034	-	-	382,081	1,913,151	
	181,553,538	48,956,225	-	-	228,668,763	74,874,143	6,608,070	-	-	84,480,214	144,078,550	
Community Assets												
Parks and Gardens	8,107,824	70,150	-	3,107,824	70,150	2,085,664	3	-	2,085,664	3	70,147	
Libraries	842,234	-	-	315,204	827,030	83,681	26,154	-	42,027	87,808	559,727	
Recreation Grounds	7,459,272	382,329	-	7,459,272	382,329	4,508,092	982,867	-	4,880,389	1,915,598	352,829	
Civic Buildings	7,644,710	-	203,475	-	2,841,235	1,876,149	88,617	26,181	-	725,850	725,850	
	14,364,041	432,479	203,475	10,882,300	3,700,744	8,533,817	447,642	26,181	6,868,891	1,983,387	1,717,347	
Leased Assets												
Office Equipment	136,934	134,216	-	-	271,149	68,106	37,028	-	-	103,131	158,018	
	136,934	134,216	-	-	271,149	68,106	37,028	-	-	103,131	158,018	
Other Assets												
Office Equipment	19,322,538	1,113,274	2,629,083	16,535,753	1,240,971	14,378,363	59,514	2,620,077	11,855,275	173,630	1,067,444	
Furniture and Fittings	1,898,779	712,556	114,564	1,582,233	112,536	555,863	11,831	86,531	464,582	6,201	706,365	
Bins and Containers	15,689	-	-	-	15,636	12,988	1,736	-	-	14,767	14,767	
Emergency Equipment	17,890	-	-	-	17,890	11,748	2,845	-	-	14,393	3,297	
Motor Vehicles	8,202,661	301,560	133,458	-	8,427,982	6,452,705	644,200	133,073	-	6,903,030	1,434,833	
Fire Engines	1,491,167	-	-	-	1,491,167	822,454	63,735	-	-	396,239	504,817	
Refuse Tankers	1,240,488	-	-	-	1,240,488	1,240,488	-	-	-	1,240,488	24,278	
Computer Equipment	3,077,431	355,685	271,739	2,800,082	365,585	1,985,415	21,749	258,459	1,723,426	24,278	341,407	
	35,124,378	1,897,475	3,151,824	20,848,080	12,911,948	26,657,840	759,282	3,089,843	13,844,264	9,422,978	3,489,033	
Total: Property, Plant and Equipment	277,033,189	64,660,364	3,431,364	43,767,678	284,494,510	133,105,808	11,561,478	3,136,672	24,244,637	117,285,876	187,208,533	
Intangible Assets												
Valuation Roll	767,337	-	19,223	-	798,115	637,830	73,338	11,501	-	680,734	68,300	
	767,337	-	19,223	-	798,115	637,830	43,338	11,534	-	689,734	68,380	
Total: Intangible Assets	767,337	-	19,223	-	798,115	637,830	43,338	11,534	-	689,734	68,380	
Grand Total	277,790,626	64,660,364	3,450,587	43,786,876	285,232,624	133,743,637	11,604,816	3,148,206	24,244,637	117,955,611	187,276,914	

AUDITOR-GENERAL
2009-11-30

BITOU MUNICIPALITY

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

2009-11-30
AUDITOR GENERAL
1

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2009

AUDITOR-GENERAL

Less Inter Departmental Charges
Total

APPENDIX E (1)

BITOU MUNICIPALITY

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009


	2009 Actual R	2008 Budget R	2009 Variance R	2009 Variance %	Explanation of Significant Variances greater than 10 % versus Budget
REVENUE					
Property rates	50,080,275	50,585,300	524,725	1.04	
Service charges	98,396,711	102,103,827	3,712,216	3.64	
Rental of facilities and equipment	815,362	873,214	(142,149)	(21.11)	Increased utilisation of Council facilities
Interest earned - external investments	6,814,866	7,000,000	385,342	5.50	
Interest earned - outstanding debtors	2,730,948	2,000,000	(730,948)	(36.55)	Growth in outstanding Debtors due to world wide economic meltdown
Fines	5,610,778	4,505,150	(1,105,628)	(24.54)	Change in accounting treatment not budgeted for
Licences and permits	76,281	14,000	(62,281)	(444.86)	Increase in number of licences and permits issued
Government grants and subsidies	56,312,586	64,861,563	8,548,975	13.18	All housing grant monies not received (Unpaid Grants)
Actual Grants	2,059,600	-	-	-	Change in accounting policy not budgeted for
Third party payments	471,457.96	-	-	-	Change in accounting policy not budgeted for
Other income	8,427,804	7,186,833	758,726	10.56	Decrease in building plans, fuel sales etc
Public contributions and donations	1,178,058	3,000,000	1,221,942	40.73	Fewer developments due to world wide economic meltdown
Total Revenue	237,364,220	247,934,387	13,110,925	5.42	
EXPENDITURE					
Executive and Council	44,285,615	34,978,102	(9,307,513)	(25.61)	Contributions towards provisions for post retirement benefits and bonuses
Finance and Administration	18,237,232	21,863,483	3,626,231	16.59	Decreased depreciation expenditure as a result of impairment of assets in prior years
Planning and Development	8,236,929	7,134,268	(1,102,641)	(15.46)	Under estimation of personnel costs
Health	38,188	44,235	8,047	18.19	Fund on transferred to Provincial Government
Community and Social Services	3,779,434	3,893,485	117,021	3.00	
Housing	34,207,823	42,376,901	8,169,078	9.28	All housing grant monies not received (Unpaid Grants)
Public Safety	10,754,735	8,107,132	(2,647,603)	(32.66)	Change in accounting treatment not budgeted for
Sport and Recreation	10,237,369	10,029,638	(207,731)	(2.07)	
Waste Water Management	9,923,420	10,199,402	275,982	2.71	Saving on personnel costs
Waste Management	9,931,973	10,761,912	829,939	7.71	
Road Transport	12,896,067	12,928,178	32,111	0.25	
Water	15,686,947	16,044,990	348,043	2.7	
Electricity	41,240,436	41,305,301	264,865	0.64	
Other	6,423,389	6,707,463	284,074	4.24	
Total Expenditure	225,887,557	226,677,450	689,903	0.30	
Surplus/(Deficit) for the year	5,476,663	15,356,927	12,421,021		
Gain on disposal of property, plant and equipment	656,147	1,000,000	343,853	34.38	All projected land sales did not materialise
NET SURPLUS/(DEFICIT) FOR THE YEAR	6,132,810	16,356,927	12,704,875	34	

2009-11-30
AUDITOR-GENERAL

APPENDIX E (2)
BITOU MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual R	2009 Under Construction R	2009 Total Additions R	2009 Budget R	2008 Variance R	2008 Variance %	Explanation of Significant Variances greater than 5 % versus Budget
Community Services	563,896	-	563,896	987,926	(414,030)	(41.49)	Certain projects did not realise
Executive and Council	988,628	-	988,628	1,103,000	(114,372)	(10.37)	Savings on various projects
Other	34,951	-	34,951	46,250	(11,299)	(24.43)	Office Equipment for Tourism not procured
Electricity	14,533,622	-	14,533,622	13,691,495	852,127	6.23	Housing infrastructure expenditure budgeted under operating expenditure was reallocated to Capital Expenditure.
Planning and Development	47,384	-	47,384	15,300	32,384	215.88	Budgeted to purchase office machines, but decided to lease it. Instead, Expenditure incurred thus on wrong budget (Operating instead of Capital)
Finance and Administration	10,121,720	193,560	10,315,280	9,992,638	322,642	3.23	
Public Safety	78,548	-	78,548	758,275	(677,727)	(89.61)	Drop off and collection zone expenditure reclassified as Road Transport
Housing	43,014	-	43,014	-	43,014		Not budgeted for - financed from Housing Consumer Education
Parks and Recreational	1,100,263	-	1,100,263	1,510,000	(409,737)	(27.13)	Flood light for Kurland Sport Field procured from electricity budget
Refuse Removal	376,959	-	376,959	365,200	21,759	6.15	Over expenditure on rehabilitation of landfill sites
Roads and Stormwater	6,570,830	8,599,122	15,169,952	12,558,073	2,604,879	20.74	An amount was rolled over for next year's budget but the expenditure took place in the current year
Sewerage	8,303,362	-	8,303,362	7,708,000	597,362	7.75	Housing Infrastructure expenditure budgeted under operating expenditure was reallocated to Capital Expenditure.
Water	18,573,125	-	18,573,125	19,212,000	(638,875)	(3.33)	
	61,356,301	8,788,682	70,142,983	67,934,857	2,208,126		


 AUDITOR-GENERAL
 2009-11-30

Grant and Subgrant Received

2009-11-30
AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF BITOU MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Bitou Municipality which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 01 to 49.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act (Act No.2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3)(a) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. Paragraph 11 of the Standards of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Bitou Municipality in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Bitou Municipality as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matter

Without qualifying my opinion, I draw attention to the following matters:

Amendments to applicable basis of accounting

9. As set out in accounting policy note 1.1 of the municipality's financial statements, the municipality has adopted the transitional provisions as allowed by Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities", as issued by the Accounting Standards Board.

Material losses

10. As disclosed in note 25 to the financial statements, the municipality incurred water distribution losses of 2 139 932 kiloliters (36%) and electricity distribution losses of 13 999 570 Kwh (13.24%) for the year under review.

Restatement of corresponding figures

11. As disclosed in note 37 to the financial statements, during the current financial year (2008-09) the municipality adopted Standards of GRAP. This resulted in significant change in accounting policy from the previous basis of accounting. In terms of the conversion to Standards of GRAP the comparative figures were significantly restated.
12. As disclosed in note 38 to the financial statements, the corresponding figures for the prior period statement of financial position have been restated as a result of errors discovered during the current year ended 30 June 2009 in the financial statements of Bitou Municipality at, and for the year ended, 30 June 2008.

Other matters

I draw attention to the following matters which relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)

13. The municipality has not paid all money owing within 30 days of receiving the relevant invoice or statement, as required by section 65(2)(e).
14. The municipality did not report non-compliance to supply chain management regulation to the relevant authority, as required by section 114.

Municipal Systems Act (Act No. 32 of 2000) (MSA)

15. Councillors did not declare their financial interest as required by schedule 1, section 7 of the MSA.

Unaudited supplementary schedules

16. The supplementary information set out on appendix A to F does not form part of the financial statements and accordingly, I do not express an opinion thereon.

Governance framework

17. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

Matters of governance

18. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follow

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		•



Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		•
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.		•
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated section 126 of the MFMA.	•	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	•	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The municipality had an audit committee in operation throughout the financial year.	•	
	• The audit committee operates in accordance with approved, written terms of reference.	•	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA.	•	
7.	Internal audit		
	• The municipality had an internal audit function in operation throughout the financial year.	•	
	• The internal audit function operates in terms of an approved internal audit plan.		•
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2)(a) of the MFMA.		•
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	•	



9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	•	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	•	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i) of the MFMA.		•
12.	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	•	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.		•
14.	SCOPA resolutions have been substantially implemented.	Not applicable	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		•
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		•
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by Bitou Municipality against its mandate, predetermined objectives, outputs, indicators and section 68 of the MFMA.	•	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	•	

19. Significant difficulties were experienced during the audit owing to a lack of adequate document management not being implemented by the leadership of the municipality.
20. With the implementation of the Standards of GRAP, the municipality experienced difficulties in producing financial statements for audit purposes that were free from material errors and omissions, although not in all instances material. This situation could have led to the qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.
21. This is indicative of a situation where:
- ongoing monitoring by the finance department under the control of the chief financial officer is not effective enough to enable an assessment of the effectiveness of internal control over financial reporting
 - policies and procedures related to financial reporting, which aims to improve the quality of reconciliations and maintenance of underlying records and, therefore, the accuracy and completeness of financial reporting, are not adequately established and communicated to staff in the finance department
 - management did not adequately identify risks relevant to accurate and complete financial



reporting objectives and actions were not taken to address such risks. These risks should be identified by way of a formal risk assessment process relating to the achievement of financial reporting objectives and/or by implementing a formal and regularly monitored financial management improvement plan, which includes actions to address not only the material findings arising from the prior year's external audit, but also the control and compliance deficiencies identified in that audit. The risk assessment process should inform the agendas of the audit committee and internal audit unit, which are essential elements in the review of the design and implementation of sound internal controls to achieve good governance and accountability over financial reporting.

22. Actions implemented by management to address the prior year audit findings during the 2008-09 financial year proved to be less effective than anticipated by management as a number of those findings reoccurred.
23. This situation could have led to the qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.
24. The next few years will pose greater challenges for the municipality with the ongoing transition to full compliance with the Standards of GRAP and the implementation of additional, approved Standards of GRAP. In order to deal with the prevalence of material misstatements in financial statements that have to be corrected during the audit period, the municipality needs to:
 - develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying accounting records, in order to produce accurate and complete financial statements
 - produce monthly, or at a minimum, quarterly financial accounts for review by management
 - subject the financial statements to a quality review before they are submitted for auditing, while the internal audit unit and audit committees can assist with evaluating the adequacy of the design and implementation of controls around the preparation of the financial statements.
25. The development of a performance management system policy framework that facilitates the preparation of a performance report that is accurate and complete and available for internal and external review in a timely manner, requires urgent attention from the accounting officer with the support of internal audit and the audit committee to ensure compliance with section 40 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

26. I have reviewed the performance information as set out on pages 19 to 21.

The accounting officer's responsibility for the performance information

27. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

28. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
29. In terms of the foregoing my engagement included performing procedures of an a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
30. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

Content of integrated development plan

31. The integrated development plan of the Bitou Municipality did not include the key performance

indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

32. The internal audit processes and procedures did not include assessments of the functionality of the Bitou municipality performance management system and whether the system complied with the requirements of the MSA.

Lack of adoption or implementation of a performance management system

33. The Bitou municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

Usefulness and reliability of reported performance information

34. The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives it integrated development plan:
- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated plan?
 - Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadlines for delivery specified?
 - Reliably: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

The following audit finding relate to the above criteria:

Reported performance information not reliable

35. Sufficient appropriate audit evidence with regard to reported performance information of the objective and indicators selected for review could not be obtained as the relevant processes and procedures were not appropriate to facilitate the preparation of accurate and complete actual performance information.
36. The indicators reviewed under the programme for electrification and upgrade of water is not measurable and verifiable as the systems and processes that produce the data for the indicators could not be validated.
37. The reported information in the annual report, for the objective and indicators selected for review, is materially inconsistent with the evidence obtained during the audit.

APPRECIATION

38. The assistance rendered by the staff of the Bitou Municipality during the audit is sincerely appreciated.

Cape Town
30 November 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



PLAN OF ACTION TO RECTIFY AREAS OF EMPHASIS OF MATTERS, OTHER MATTERS, MATTERS OF GOVERNANCE AND OTHER REPORTING RESPONSIBILITIES- 2008/2009 FINANCIAL YEAR

Numbering as per Auditor-General's report

Ref	ISSUE RAISED	PLAN OF ACTION	TIMEFRAMES	ACCOUNTABLE / PROGRESS
	Emphasis of matters			
9	Basis of Accounting As set out in accounting policy note 1.1 of the municipality's financial statements, the municipality has adopted the Transitional Provisions as allowed by Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities", as issued by the Accounting Standards Board.	None	N/A	N/A
10	Material losses As disclosed in note 25 to the financial statements, the municipality incurred water distribution losses of 2 139 932 kilolitres (36%) and electricity distribution losses of 13 999 570 Kwh (13.24%) for the year under review.	<ul style="list-style-type: none">• Fill the position of Loss Control Officer.• Clean water meters in Kranshoek• Public Works and Housing must inform finance of all new connections timeously• Meter Readers must ensure that all meters are read• Water and electricity losses must be calculated, monitored and corrective steps be implemented monthly	March 2010 February 2010	Head: Infrastructure Head: Infrastructure Head: Infrastructure & Manager: Housing Manager: Income Head: Infrastructure



11	Restatement of corresponding figures As disclosed in note 37 to the financial statements, during the current financial year (2008-09) the municipality adopted Standards of GRAP. This resulted in significant change in accounting policy from the previous basis of accounting. In terms of the conversion to Standards of GRAP the comparative figures were significantly restated.	This will occur annually as new standards of GRAP are implemented	31 August 2010	CFO
12	As disclosed in note 38 to the financial statements, the corresponding figures for the prior period statement of financial position have been restated as a result of errors discovered during the current year ended 30 June 2009 in the financial statements of Bitou Municipality at, and for the year ended, 30 June 2008	This will occur annually as new standards of GRAP are implemented	31 August 2010	CFO
	OTHER MATTERS			
13	Non-compliance with applicable legislation Local Government: Municipal Finance Management Act, No. 56 of 2003 (MFMA) The municipality has not paid all money owing within 30 days of receiving the relevant invoice or statement as required in terms of section 65(2)(e).	Ensure that all creditors' payments are made within 30 days. Make departments aware about their role in ensuring that payments are made within 30 days.	Continuously	Manager: Expenditure
14	The municipality did not report non-compliance to the supply chain management regulation to	Submit monthly, quarterly and annual SCM report as required in the SCM regulations	Continuously	Manager: Expenditure Manager: Supply Chain



	the relevant authority, as required by section 114.			
15	Local Government: Municipal Systems Act, Act No. 32 of 2000 (MSA) Councillors did not declare their financial interest as required by schedule 1, section 7 of the MSA.	Ensure that all Councillors complete their declaration of interest for 2009/2010	31 January 2010	Head: Corporate Services
	Matters of governance			
16	The supplementary information set out on pages 03 to 06 does not form part of the financial statements and accordingly, I do not express an opinion thereon.	Noted	N/A	N/A
17	Governance Framework The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:			
18	Matters of governance The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:			
	Significant difficulties were experienced during the audit concerning delays or the availability of requested information.	Compile audit working papers and lead schedules for each item on the financial statements. Plan in advance for the availability of staff during the 2009/2010 audit.	Continuously 31 July 2010	CFO/Managers in Finance Department Head :Strategic Services CFO
	The financial statements were subject to material amendments resulting from the audit.	Adjustments were mainly made to Provisions and Creditors. Ensure that outstanding creditors are calculated correctly at year end	31 July 2010 31 July 2010	Manager: Expenditure Manager: Income and Manager: Human Resources



		and that the correct cut off procedures are followed Ensure that calculations for provisions are based on correct information and assumptions		
	The annual report was not submitted for consideration prior to the tabling of the auditor's report.	None. The MFMA determines that the full annual report must be tabled by 31 January of each year.	31 January 2011	Head: Strategic Services
	The internal audit function operates in terms of an approved internal audit plan.	Ensure that an audit plan for 2009/2010 is approved by the Audit Committee	Done	Internal: Auditor
	The internal audit function not substantially fulfilled its responsibilities for the year, as set out in section 165(2)(a) of the MFMA.	Provide for additional capacity in the Internal Audit unit during the 2010/11 budget process. Fill vacancy on organizational structure	31 May 2010 31 March 2010	Internal: auditor Internal auditor
	A risk assessment was not conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i) of the MFMA. A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(c)(i) of the MFMA.	Ensure that a risk assessment is performed and strategy compiled for the 2009/2010 financial year	Done	Internal: Auditor
	The prior year audit findings have not been substantially addressed.	Compile action plans based on the 2008/2009 AG management letter Workshop the action plans with relevant stakeholders in particular the Audit	15 February 2010 February 2010 Continuously	CFO CFO and Internal Auditor Internal Auditor



		Committee. Monitor the implementation of the action plans		
	The information systems were not appropriate to facilitate the preparation of a performance report that is accurate and complete.	Ensure that performance agreements are signed Conduct quarterly reviews on performance Cascade performance management to lower Managerial level in the organization Implement an electronic performance management system	31 August 2009 Quarterly 30 November 2009 30 June 2010	Head: Strategic Services Municipal Manager Head: Strategic Services Head: Strategic Services
	Adequate control processes and procedures are not designed and implemented to ensure the accuracy and completeness of reported performance information.	Design and implement control processes and procedures to ensure accuracy and completeness of performance information	30 June 2010	Head: strategic Services
19	Significant difficulties were experience during the audit owing to a lack of adequate document management not being implemented by the leadership of the municipality.	Develop and implement a document management system	30 April 2010	Head: Corporate Services
20	With the implementation of the Standards of GRAP, the municipality experienced difficulties in producing financial statements for audit purposes that were free from material errors and omissions, although not in all instances material. This situation could have led to the qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my	Submit annual financial statements to a professional service provider, internal audit and the Audit Committee for quality review	20 August 2010	Manager: Budget and Treasury





	findings.			
21	<p>This is indicative of a situation where:</p> <ul style="list-style-type: none">ongoing monitoring by the finance department under the control of the chief financial officer is not effective enough to enable an assessment of the effectiveness of internal control over financial reportingpolicies and procedures related to financial reporting, which aims to improve the quality of reconciliations and maintenance of underlying records and, therefore, the accuracy and completeness of financial reporting, are not adequately established and communicated to staff in the finance departmentmanagement did not adequately identify risks relevant to accurate and complete financial reporting objectives and actions were not taken to address such risks. These risks should be identified by way of a formal risk assessment process relating to the achievement of financial reporting objectives and/or by implementing a formal and regularly monitored financial management improvement plan, which includes actions to address not only the material findings arising	<p>Assess the effectiveness of internal control over financial reporting</p> <p>Arrange workshops regarding financial policies with various stakeholders</p> <ul style="list-style-type: none">Identify risks relevant to accurate and complete financial reporting objectives and actions.Regularly monitor financial management improvement plan, which includes actions to address not only the material findings arising from the prior year's external audit, but also the control and compliance deficiencies identified in that audit.Submit outcomes of the risk assessment process to the audit committee and internal audit unit.	<p>31 March 2010</p> <p>Continuously</p> <p>31 March 2010</p> <p>Continuously</p> <p>Quarterly</p>	<p>CFO, Internal Auditor and External service provider</p> <p>CFO</p> <p>Internal Auditor & CFO</p> <p>Internal Auditor & CFO</p> <p>Internal Auditor & CFO</p>



	from the prior year's external audit, but also the control and compliance deficiencies identified in that audit. The risk assessment process should inform agendas of the audit committee and internal audit unit, which are essential elements in the review of the design and implementation of sound internal controls to achieve good governance and accountability reporting.			
22	Actions implemented by management to address the prior year audit findings during the 2008-2009 financial year proved to be less effective than anticipated by management as a number of those findings reoccurred.	Compile action plans based on the 2008/2009 AG management letter Workshop the action plans with relevant stakeholders in particular the Audit Committee. Monitor the implementation of the action plans	15 February 2010 February 2010 Continuously	CFO CFO and Internal Auditor Internal Auditor
23	This situation could have led to qualification of the financial statements had the municipality not adjusted their financial statements during the audit, based on my findings.	Noted	N/A	N/A
24	The next few years will pose greater challenges for the municipality with the ongoing transition to full compliance with the Standards of GRAP and implementation of additional, approved Standards of GRAP. In order to deal with the prevalence of material misstatements in financial statements that have to be	<ul style="list-style-type: none">develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying	28 February 2010 2010/11 financial year	CFO Manager: Budget & Treasury





	<p>corrected during the audit period, the municipality needs to:</p> <ul style="list-style-type: none">• develop a strategy to improve financial management controls relating to compliance with accounting standards and reconciliation and maintenance of underlying accounting records, in order to produce accurate and complete financial statements• produce monthly, or minimum, quarterly financial accounts for review by management• subject the financial statements to quality review before they are submitted for auditing, while the internal audit unit and audit committees can assist with evaluating the adequacy of the design and implementation of controls around the preparation of the financial statements.	<p>accounting records, in order to produce accurate and complete financial statements</p> <ul style="list-style-type: none">• produce monthly, or minimum, quarterly financial accounts for review by management• subject the financial statements to quality review before they are submitted for auditing, while the internal audit unit and audit committees can assist with evaluating the adequacy of the design and implementation of controls around the preparation of the financial statements.	<p>20 August 2010</p>	<p>CFO</p>
<p>25</p>	<p>The development of a performance management system policy framework that facilitates the preparation of a performance report that is accurate and complete and available for internal and external review in a timely manner, requires urgent attention from the accounting officer with the support of internal audit and the audit committee to ensure compliance with section 40 of the Local</p>	<p>Develop a performance management system policy framework that facilitates the preparation of a performance report that is accurate and complete and available for internal and external review in a timely manner</p>	<p>30 April 2010</p>	<p>Head: Strategic Services</p>





	Government: Municipal Systems Act, 2000(Act No.32 of 2000) (MSA).			
REPORT ON PERFORMANCE INFORMATION				
31	Content of integrated development plan The integrated development plan of the Bitou municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by sections 26(i) and 41(1)(b) of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.	Include the key performance indicators and performance targets determined in terms of the performance management system in the revised IDP	2010/11 financial year	Head: Strategic services
32			31 May 2010	Internal Auditor
33	Internal auditing of performance measurements The internal audit processes and procedures did not include assessments of the functionality of the Bitou municipality performance management system and whether the system complied with the requirements of the MSA.	Assess the functionality of the performance management system and whether it complies with the requirements of the MSA.	30 April 2010	Head: Strategic Services
34	Lack of adoption or implementation of a performance management system The Bitou municipality did not implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role	Develop and Implement a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players Noted	N/A	N/A



35	<p>players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.</p> <p>Usefulness and reliability of reported performance information</p> <p>The following criteria were used to assess the usefulness and reliability of the information on the municipality's performance with respect to the objectives in its integrated development plan:</p> <ul style="list-style-type: none">Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated plan?		30 March 2010	Head: Strategic Services
36			30 March 2010	Head: Strategic Services
37	<ul style="list-style-type: none">Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate. Is this specific and measurable, and is the time period or deadlines for delivery specified?Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and	<p>Develop and implement relevant processes and procedures facilitate the preparation of accurate and complete actual performance information.</p> <p>Develop and implement systems and processes that produce the data for the indicators</p> <p>Ensure that the reported information is materially consistent with evidence obtained</p>	30 March 2010	Head: Strategic Services



	<p>complete in relation to the source data or documentation?</p> <p>The following audit finding relate to the above criteria:</p> <p>Reported performance information not reliable Sufficient appropriate audit evidence with regard to reported performance information of the objective and indicators selected for review could not be obtained as the relevant processes and procedures were not appropriate to facilitate the preparation of accurate and complete actual performance information.</p> <p>The indicators reviewed under the programme for electrification and upgrade of water is not measurable and verifiable as the systems and processes that produce the data for the indicators could not be validated.</p> <p>The reported information in the annual report, for the objective and indicators selected for review, is materially inconsistent with evidence obtained during the audit.</p>	during the audit.		
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REPORT OF THE AUDIT COMMITTEE

BITOU MUNICIPALITY – ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

INTRODUCTION

The Audit Committee presents its report for the year ended 30 June 2009 in terms of its responsibilities and duties.

Audit Committee Responsibility

The Committee confirms that it has appropriate formal terms of reference as its Audit Committee Charter, approved by Council. The Committee has regulated its affairs in compliance with this Charter, and has discharged all its responsibilities as contained therein. The Charter was reviewed and updated during the financial year.

Evaluation of Financial Statements and Auditor's Report

The Committee has reviewed and discussed with the Auditor and management the audited Annual Financial Statements to be included in the Annual Report. We were satisfied that the Annual Financial Statements did not contain any material misstatements that would cause the Auditor to qualify the audit opinion. It is important to note that Bitou Municipality has an unqualified audit report for the second consecutive year. The Audit Committee is of the opinion that the finances and system of internal control are appropriately managed, and that the Financial Statements are a fair reflection of the Bitou Municipalities activities in the past financial year as confirmed by the audit report.

Control weaknesses have been reported by the Auditor General under **emphasis of matter**:

Amendments to applicable basis of accounting: the National Treasury had already approved a deviation from the basis of accounting.

Material losses: Disclosures were made and the relevant circumstances under which these incidents occurred were noted. With the current water shortages being experienced by the Region it is important that Management give the water loss the attention it deserves.

Restatement of corresponding figures: conversion to Standards of GRAP and errors discovered resulted in the significant restatement of comparative figures.

Under all the items required to be investigated by the Auditor General under the heading "Matters of governance", there was only a few which were negatively assessed, namely:

Internal audit function not fulfilling its responsibility for the year as set out in section 165 (2) of the MFMA. *A full time Internal Auditor has recently been appointed and will hopefully be followed by the appointment of a Risk Specialist. A fully operational unit needs to be established as a matter of urgency with sufficient personnel to address the back log of routine operations.*

Internal audit function not operating in terms of an approved audit plan. *The delay in the risk management process resulted in the internal audit plan only being submitted after the cut-off date and we do not expect a repetition.*

The annual report was *not* submitted to the auditor for consideration prior to the date of the auditor's report as in terms of section 127(2) it must only be submitted to council by the end of January.

Significant difficulties were experienced during the audit owing to a lack of adequate document management not being implemented by the leadership of the municipality

It is pleasing to note that the Auditor General was fully satisfied with the performance of the Audit Committee.

Compliance, Efficiency and Effectiveness

As far as compliance with the provisions of the MFMA and other legislation in relation to financial matters is concerned, the Municipality is going from strength to strength. However, as noted above, **there is still room for considerable improvement in the area of performance management and performance measurement.**

Until these areas of non-compliance are adequately addressed, therefore, the municipality cannot claim to be meeting the tests of efficiency and effectiveness in managing the town and achieving the necessary standard of service delivery.

Recommendation and Conclusion

The Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

The Audit Committee wishes to congratulate the Executive Mayor, Council, Municipal Manager and the management team on the continued adherence to good corporate governance of the Municipality, and for the unqualified audit report for the year under review. The Committee also wishes to express its sincere appreciation to the Auditor-General's staff and contracted-out auditors and officials for their unwavering support and interest in the activities of the Committee during the year under review.


B Molefe
Chairperson of the Audit Committee
28.1.10

